

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

)	
In re:)	Chapter 11
)	
COBALT INTERNATIONAL ENERGY, INC., <i>et al.</i> , ¹)	Case No. 17-36709 (MI)
)	
Debtors.)	(Jointly Administered)
)	

NOTICE OF FILING OF CERTAIN SUCCESSFUL BID DOCUMENTS

PLEASE TAKE NOTICE that on January 25, 2018, the United States Bankruptcy Court for the Southern District of Texas (the “Court”) entered the *Order (I) Approving Bidding Procedures for the Sale of the Debtors’ Assets, (II) Scheduling an Auction, (III) Approving the Form and Manner of Notice Thereof, (IV) Scheduling Hearings and Objection Deadlines with Respect to the Debtors’ Disclosure Statement and Plan Confirmation and (V) Granting Related Relief* [Docket No. 299] (the “Bidding Procedures Order”)² authorizing the Debtors to conduct an auction (the “Auction”) to determine the highest or otherwise best bid for the Debtors’ assets.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Bidding Procedures Order, on March 6, 2018, the Debtors conducted the Auction at the Magnolia Hotel, 1100 Texas Avenue, Houston, Texas 77002.

PLEASE TAKE FURTHER NOTICE that on March 7, 2018, the Debtors filed the *Notice of Successful Bidders and Backup Bidders* [Docket No. 542], reflecting the Successful Bids for the Assets.

PLEASE TAKE FURTHER NOTICE that on March 16, 2018, the Debtors filed the *Notice of Filing Certain Successful Bid Documents* [Docket No. 594], which attached copies of the Qualified Bid Documents for the Successful Bids for the Debtors’ Anchor, North Platte, Shenandoah, and exploration assets.

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit A** are the Qualified Bid Documents for the Successful Bid for the Debtors’ Heidelberg assets.

PLEASE TAKE FURTHER NOTICE that copies of the Bidding Procedures Order and any other related documents are available: (a) upon request to Kurtzman Carson Consultants

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Cobalt International Energy, Inc. (1169); Cobalt International Energy GP, LLC (7374); Cobalt International Energy, LP (2411); Cobalt GOM LLC (7188); Cobalt GOM # 1 LLC (7262); and Cobalt GOM # 2 LLC (7316). The Debtors’ service address is: 920 Memorial City Way, Suite 100, Houston, Texas 77024.

² Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bidding Procedures Order.



LLC (the notice and claims agent retained in these chapter 11 cases) by calling 866-967-1782 (United States and Canada) and 310-751-2682 (International); (b) by visiting the website maintained in these chapter 11 cases at <http://www.kccllc.net/cobalt>; or (c) for a fee via PACER by visiting <http://www.txsb.uscourts.gov>.

Houston, Texas
Dated: March 29, 2018

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Co-Counsel to the Debtors and Debtors in Possession

Exhibit A

ASSET PURCHASE AGREEMENT

DATED AS OF MARCH 28, 2018

BY AND AMONG

COBALT GOM #1, LLC,

AS SELLER,

AND

W&T OFFSHORE, INC.,

AS BUYER

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”), dated as of March 28, 2018 (the “Execution Date”), but effective for all purposes as of the Effective Time, is by and between Cobalt GOM #1, LLC, a Delaware limited liability company (“Seller”), and W&T Offshore, Inc., a corporation formed under the laws of the State of Texas, whose address is 9 Greenway Plaza, Suite 300, Houston, TX 77046 (“Buyer”). Capitalized terms used but not otherwise defined herein have the meanings set forth in Article 1. Seller and Buyer are sometimes referred to collectively herein as the “Parties” and individually as a “Party”.

RECITALS

WHEREAS, Seller is the owner of record of certain interests in oil and gas leases, oil and gas wells, and other properties located in the Gulf of Mexico;

WHEREAS, on December 14, 2017, Seller commenced a voluntary case under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”);

WHEREAS, Seller desires to sell to Buyer all of the Assets, and Buyer desires to purchase from Seller all of the Assets and assume all of the Assumed Liabilities, upon the terms and conditions hereinafter set forth;

WHEREAS, the Parties intend to effectuate the transactions contemplated by this Agreement through a chapter 11 plan; and

WHEREAS, Seller’s ability to consummate the transactions set forth in this Agreement is subject to, among other things, the entry of the Sale Order by the Bankruptcy Court;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions.

For purposes of this Agreement, the following terms have the meanings specified or referenced below.

“Accounting Referee” has the meaning set forth in Section 8.11.

“Action” means any legal action, suit or arbitration, or any inquiry, proceeding or investigation, by or before any Governmental Authority.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly (through one or more intermediaries) Controls, is Controlled by, or is under common Control with, such specified Person.

“Agreement” has the meaning set forth in the introductory paragraph.

“Allocated Value” has the meaning set forth in Section 8.2.

“Asset Taxes” has the meaning set forth in Section 8.1(b).

“Assets” has the meaning set forth in Section 2.1(b).

“Assigned Contracts” has the meaning set forth in Section 2.1(b)(v).

“Assigned Leases and Interests” has the meaning set forth in Section 2.1(b)(i).

“Assignments” means, collectively, (i) the Assignment of Record Title Interest in Federal OCS Oil and Gas Lease (County/Parish) from Seller to Buyer, pertaining to the Assets, substantially in the form attached to this Agreement as **Exhibit D-1**, and (ii) the Assignment of Record Title Interest in Federal OCS Oil and Gas Lease (DOI) from Seller to Buyer, pertaining to the Assets, substantially in the form attached to this Agreement as **Exhibit D-2**.

“Assumed Liabilities” has the meaning set forth in Section 2.3.

“Auction” has the meaning set forth in the Bidding Procedures.

“Avoidance Actions” means any and all claims for relief of Seller under chapter 5 of the Bankruptcy Code.

“Backup Bidder” has the meaning set forth in the Bidding Procedures.

“Bankruptcy Case” means the case commenced by Seller under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, styled *In re Cobalt International Energy, Inc.*, et al, jointly administered under Case No. 17-36709, and pending before the Bankruptcy Court.

“Bankruptcy Code” means Title 11 of the United States Code, Sections 101 *et seq.*

“Bankruptcy Court” has the meaning set forth in the recitals.

“Base Purchase Price” has the meaning set forth in Section 3.1.

“Bid Deadline” has the meaning set forth in the Bidding Procedures Order.

“Bidding Procedures” means the bidding procedures attached as Schedule 1 to the *Order (I) Approving Bidding Procedures for the Sale of the Debtors’ Assets, (II) Scheduling an Auction, (III) Approving the Form and Manner of Notice Thereof, (IV) Scheduling Hearings and Objection Deadlines with Respect to the Debtors’ Disclosure Statement and Plan Confirmation and (V) Granting Related Relief.*

“Bidding Procedures Order” means the *Order (I) Approving Bidding Procedures for the Sale of the Debtors’ Assets, (II) Scheduling an Auction, (III) Approving the Form and Manner of Notice Thereof, (IV) Scheduling Hearings and Objection Deadlines with Respect to the Debtors’ Disclosure Statement and Plan Confirmation and (V) Granting Related Relief.*

“BOEM” means the Bureau of Ocean Management.

“BOEM Qualifications” has the meaning set forth in Section 7.8.

“BSEE” means the Bureau of Safety and Environmental Enforcement.

“Business Day” means any day, other than Saturday or Sunday, on which commercial banks are open for commercial business with the public in Houston, Texas.

“Buyer” has the meaning set forth in the introductory paragraph.

“Buyer Parties” means Buyer, its respective Affiliates and the former, current or future equity holders and Representatives of each of the foregoing.

“Buyer Termination Notice” has the meaning set forth in Section 11.1(b)(i).

“Casualty Loss” means any loss, damage or destruction of the Assets that occurs during the period between the Execution Date and the Closing for any reason, including any act of God, fire, explosion, collision, earthquake, windstorm, flood, or other casualty or condemnation taking under the right of eminent domain, but excluding any loss, damage, or destruction as a result of depreciation, ordinary wear and tear, and any change in condition of the Assets for production of Hydrocarbons through normal depletion (which exclusion shall include the watering-out of any Well, collapsed casing, sand infiltration of any Well, or other reservoir changes relating to production issues).

“Closing” has the meaning set forth in Section 4.1.

“Closing Date” has the meaning set forth in Section 4.1.

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

“Contract” means any agreement, contract, obligation, promise or undertaking (in each case, whether written or oral), other than a Lease, that is legally binding.

“Control” means the ability (directly or indirectly through one or more intermediaries) to direct or cause the direction of the management or affairs of a Person, whether through the ownership of voting interests, by contract or otherwise.

“Copyrights” means all United States and foreign copyright rights in any original works of authorship, whether registered or unregistered, including all copyright registrations and applications.

“Cure Costs” has the meaning set forth in Section 2.5.

“Deposit” has the meaning set forth in Section 3.2.

“DOI” means the United States Department of the Interior and its various U.S. government agencies responsible for management of energy resources on the Outer Continental Shelf, including the Bureau of Ocean Energy Management; Bureau of Safety and Environmental Enforcement and Office of Natural Resources Revenue, as applicable, and any of their predecessor agencies, the Bureau of Ocean Energy Management, Regulation and Enforcement and the Minerals Management Service, and any successors agencies.

“Effective Time” means 12:00 a.m. on January 1, 2018.

“Encumbrance” means any charge, lien, claim, mortgage, lease, sublease, hypothecation, deed of trust, pledge, security interest, option, right of use or possession, right of first offer or first refusal, easement, servitude, restrictive covenant, encroachment, encumbrance, third party interest or other restriction or limitation of any kind.

“Environmental Laws” means any and all present and future Legal Requirements, statutes, regulations, rules, orders, ordinances, codes, plans, requirements, criteria, standards, decrees, judgments, injunctions, notices, demand letters, permits, licenses or determinations issued, or promulgated by any Governmental Authority now or hereafter in effect, and in each as amended or supplemented from time to time, and any applicable administrative or judicial interpretation thereof, pertaining to (a) use, storage, emission, discharge, clean-up, release, or threatened release of pollutants, contaminants, NORM, chemicals, or industrial, toxic or hazardous substances (collectively, “Pollutants”) on or into the environment or otherwise relating to the manufacture,

processing, distribution, use, treatment, storage, disposal, transportation or handling of Pollutants, (b) health, (c) the environment or (d) wildlife or natural resources applicable to the Assets and in effect in or for the jurisdiction in which the Assets are located, including the Clean Air Act (Air Pollution Control Act), the Clean Water Act (CWA), the Federal Water Pollution Act, the Rivers and Harbors Act, the Safe Drinking Water Act, the National Environmental Policy Act of 1969 (NEPA), the Endangered Species Act (ESA), the Fish and Wildlife Conservation Act of 1980, the Fish and Wildlife Coordination Act (FWCA), the Oil Pollution Act, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Superfund Amendments and Reauthorization Act of 1986 (SARA), the Resources Conservation and Recovery Act (RCRA), the Toxic Substance Control Act, the Occupational, Safety and Health Act (OSHA), the Emergency Planning and Community Right-To-Know Act (EPCRA), the Hazardous Materials Transportation Act, the Hazardous and Solid Waste Amendments of 1984 (HSWA) and any and all other applicable present and future federal, state and local Legal Requirements, statutes, regulations, rules, orders, ordinances, codes, plans, requirements, criteria, standards, decrees, judgments, injunctions, notices, demand letters, permits, licenses or determinations whose purpose is to regulate Pollutants or to conserve or protect health, the environment, wildlife or natural resources as any of the foregoing are now existing or may hereafter be amended or interpreted.

“Equipment” has the meaning set forth in Section 2.1(b)(vi).

“Escrow Agent” has the meaning set forth in Section 3.2.

“Excluded Assets” has the meaning set forth in Section 2.2.

“Excluded Liabilities” has the meaning set forth in Section 2.4.

“Excluded Records” means (a) the general corporate files and records of Seller, insofar as they relate to Seller’s business generally and are not required for the future ownership or operation of the Assets, (b) all legal files and records (other than title opinions), (c) Seller’s federal or state income, franchise or margin tax files and records, (d) employee files, (e) reserve evaluation information or economic projections, (f) records relating to the sale of the Assets, including competing bids, (g) proprietary data, information and data, in each case under contractual restrictions on assignment or disclosure, (h) privileged information and (i) any other files or records to the extent relating to any Excluded Assets.

“Execution Date” has the meaning set forth in the introductory paragraph.

“Expiration Date” has the meaning set forth in Section 12.2.

“Final Order” means an Action taken or Order issued by the applicable Governmental Authority as to which: (a) no request for stay of the Action or Order is pending, no such stay is in effect, and, if any deadline for filing any such request is designated by statute or regulation, it is passed, including any extensions thereof; (b) no petition for rehearing or reconsideration of the Action or Order, or protest of any kind, is pending before the Governmental Authority and the time for filing any such petition or protest is passed; (c) the Governmental Authority does not have the Action or Order under reconsideration or review on its own motion and the time for such reconsideration or review has passed; and (d) the Action or Order is not then under judicial review, there is no notice of appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed, including any extensions thereof.

“Final Settlement Statement” has the meaning set forth in Section 8.11.

“Governmental Authority” means any court or tribunal (including an arbitrator or arbitral panel) in any jurisdiction (domestic or foreign) or any federal, tribal, state, county, municipal or other governmental or quasi-governmental body, agency, authority, department, board, commission, bureau, official or other authority or instrumentality.

“Governmental Authorization” means any approval, consent, license, permit, waiver or other authorization issued, granted or otherwise made available by or under the authority of any Governmental Authority.

“Hard Consent” has the meaning set forth in Section 2.6.

“Hazardous Substance” means any Pollutant and any “contaminant,” “hazardous waste,” “hazardous material” or “hazardous substance” under any Environmental Laws.

“Hydrocarbons” means oil, gas, minerals, and other gaseous and liquid hydrocarbons, or any combination of the foregoing.

“Imbalances” means over-production or under-production or over-deliveries or under-deliveries with respect to Hydrocarbons produced from or allocated to the Properties, regardless of whether such over-production or under-production or over-deliveries or under-deliveries arise at the wellhead, pipeline (taking into account any line fill), gathering system, transportation system, processing plant, or other location, including any imbalances under gas balancing or similar agreements, imbalances under production handling agreements, imbalances under processing agreements, imbalances under the Assigned Leases and Interests, imbalances under gathering or transportation agreements, and imbalances under operating agreements.

“Indemnification Claim” has the meaning set forth in Section 12.4(a).

“Intellectual Property” means all intellectual property, including all Copyrights, Patents and Trademarks, owned, used or licensed by Seller, but specifically excluding, for the avoidance of doubt, all seismic, geological, geochemical or geophysical data licensed by Seller and any of Seller’s interpretations of such data.

“Knowledge” means, with respect to any matter in question, (a) in the case of Seller, the actual knowledge (without any duty of inquiry) of any of the individuals listed on Schedule 1.1 with respect to such matter, and (b) in the case of Buyer, the actual knowledge (without any duty of inquiry) of any of the officers of Buyer.

“Known Receivables” means all expenditures incurred by Seller prior to the Effective Time in connection with the ownership, operation and maintenance of the Properties (including rentals, overhead, royalties, Lease option and extension payments, Taxes and other charges and expenses billed under applicable operating agreements or governmental statute(s)) and billed by Seller to third party working interest owners, which, as of two (2) Business Days prior to the Closing Date, remain outstanding and owed to Seller, such amounts and third parties being more particularly described on Schedule 2.1(b)(ix), which the Parties agree shall be updated two (2) Business Days prior to the Closing Date.

“Lease” means any existing oil and gas lease, oil, gas and mineral lease or sublease, and other leasehold interest, and the leasehold estates created thereby, including carried interests, rights of recoupment, options, reversionary interests, convertible interests and rights to reassignment.

“Legal Requirement” means any federal, state, provincial, local, municipal, foreign, international, multinational, or other administrative Order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

“Liability” means any and all claims, rights, demands, causes of action, liabilities (including civil fines), obligations, damages, losses, fines, penalties, sanctions of every kind and character (including reasonable fees and expenses of attorneys, technical experts and expert witnesses), judgments or proceedings of any kind or character whatsoever, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether arising or founded in law, equity, statute, contract, tort, strict liability or voluntary settlement, and all reasonable expenses, costs and fees (including reasonable attorneys’ fees) in connection therewith.

“Material Adverse Effect” means any change, event or occurrence that individually or in the aggregate (taking into account all other such changes, events or occurrences) has had a material adverse change in or material adverse effect on the Assets taken as a whole, but excluding (a) any change or effect to the extent that it results from or arises out of (i) the pendency of the Bankruptcy Case or the financial condition of Seller; (ii) the execution and delivery of this Agreement or the announcement thereof or consummation of the transactions contemplated hereby; (iii) changes in (or proposals to change) Legal Requirements, generally accepted accounting principles or other accounting regulations or principles; (iv) acts of God, including hurricanes, storms and other natural disasters; (v) any action allowed or contemplated by this Agreement or taken at the request of Buyer; (vi) actions of Governmental Authorities; or (vii) the terms and provisions of the Assigned Leases and Interests or Assigned Contracts; (b) any change or effect generally applicable to (i) the industries and markets in which Seller operates or (ii) economic or political conditions or interest rates, exchange rates, commodity prices or the securities or financial markets in any country or region; (c) any outbreak or escalation of hostilities or war or any act of terrorism; (d) the departure of officers or directors of Seller after the Execution Date; (e) any objections in the Bankruptcy Court to (i) this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, (ii) the reorganization of Seller and any related plan of reorganization or disclosure statement, (iii) the Bidding Procedures, or (iv) the assumption or rejection of any Material Assigned Contract; (f) any Order of the Bankruptcy Court or any actions or omissions of Seller in compliance therewith; (g) any action taken by Seller at the request of, or with the consent of, Buyer; and (h) any of the matters disclosed on any Exhibit or Schedule to this Agreement or the Company SEC Documents.

“Net Revenue Interest” means, for any Well, Seller’s share of the Hydrocarbons produced, saved and marketed therefrom (after satisfaction of all other royalties, overriding royalties, nonparticipating royalties, net profits interests, or other similar burdens on or measured by production of Hydrocarbons).

“Non-Disclosure Agreement” has the meaning set forth in Section 13.1.

“NORM” means naturally occurring radioactive materials.

“Order” means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

“Outside Date” has the meaning set forth in Section 11.1(a)(iii).

“Party” or “Parties” means, individually or collectively, Buyer and Seller.

“Party Affiliate” has the meaning set forth in Section 13.13.

“Patents” means United States and foreign patents and patent applications, as well as any continuations, continuations-in-part, divisions, extensions, reexaminations, reissues, renewals and patent disclosures related thereto.

“Paying Party” has the meaning set forth in Section 8.1(c).

“Permits” has the meaning set forth in Section 2.1(b)(vi).

“Person” means any individual, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or Governmental Authority.

“Pollutants” has the meaning set forth in the definition of “Environmental Laws”.

“Post-Closing Covenant” has the meaning set forth in Section 12.1.

“Potential Bidders” has the meaning set forth in Section 7.5.

“Preliminary Settlement Statement” means that certain statement provided by Seller to Buyer pursuant to Section 8.10, as amended (if applicable) by mutual agreement prior to Closing, setting forth those initial adjustments to the Base Purchase Price made at Closing.

“Proceeding” means any Action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority.

“Properties” has the meaning set forth in Section 2.1(b)(ii).

“Purchase Price” has the meaning set forth in Section 3.1.

“Records” has the meaning set forth in Section 2.1(b)(viii).

“Reimbursing Party” has the meaning set forth in Section 8.1(c).

“Representative” means, with respect to a particular Person, any director, officer, member, manager, partner, employee, agent, consultant, advisor, investor, shareholder, contractor, subcontractor or other representative of such Person, including legal counsel, accountants and financial advisors.

“Sale Order” means an Order of the Bankruptcy Court in form and substance approved by Buyer (such approval not to be unreasonably withheld or conditioned so long as the Order is not inconsistent with, and does not limit the rights of Buyer under, this Agreement or the Bidding Procedures) authorizing and approving, *inter alia*, the sale of the Assets to Buyer on the terms and conditions set forth herein, the assumption and assignment of the Assigned Contracts and the Assigned Leases and Interests to Buyer, and confirming the chapter 11 plan pursuant to section 1129 of the Bankruptcy Code.

“SEC” means the United States Securities and Exchange Commission.

“Seller” has the meaning set forth in the introductory paragraph.

“Seller Credit Obligations” has the meaning in Section 8.4(c).

“Seller Group” means Seller, its respective Affiliates and the former, current or future partners, co-owners, equity holders and Representatives of each of the foregoing.

“Seller Indemnified Parties” has the meaning set forth in Section 12.3(a).

“Seller SEC Documents” means all of the reports and forms (including exhibits and information incorporated therein) filed with the SEC by Seller.

“Seller Termination Notice” has the meaning set forth in Section 11.1(c)(i).

“Straddle Period” has the meaning set forth in Section 8.1(b).

“Subsidiary” means any entity with respect to which a specified Person (or a Subsidiary thereof) has the power, through the ownership of securities or otherwise, to elect a majority of the directors or similar managing body.

“Successful Bidder” has the meaning set forth in the Bidding Procedures.

“Superior Proposal” means any bona fide proposal or offer to or from a Person other than Buyer or its Representatives with respect to (i) any plan of reorganization or liquidation, proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets or equity interests or restructuring involving Seller or any of its material assets, properties or businesses, or (ii) any other direct or indirect acquisition involving Seller and/or one or more of its Subsidiaries or any of their material assets, properties or businesses, that, in each case, the board of directors of Seller has determined in good faith, after consultation with its outside financial advisors and outside legal counsel, would, if consummated, result in a transaction superior to Seller than the transactions contemplated hereunder, taking into account all terms thereof, including (x) the likelihood and timing of consummation (as compared to the transactions contemplated hereunder) and (y) all material legal, financial (including the financing terms of any such proposal), conditionality, regulatory and other aspects of such proposal.

“Surety Bonds” has the meaning set forth in Section 7.9

“Suspense Funds” means proceeds of production and associated penalties and interest in respect of any of the Assets that are payable to third parties and are being held in suspense by Seller as the operator of such Assets.

“Tax” or “Taxes” (and with correlative meaning, “Taxable” and “Taxing”) means any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental (including taxes under Section 59A of the Code), natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, license, occupational, employment, unemployment insurance, social security, disability, workers’ compensation, payroll, health care, withholding, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis, or in any other manner, including any interest, penalty or addition thereto, whether disputed or not.

“Tax Allocation” has the meaning set forth in Section 8.2.

“Tax Return” means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements, or information) filed or required to be filed in connection with the determination,

assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

“Trademarks” means United States, state and foreign trademarks, service marks, logos, slogans, trade dress and trade names, Internet domain names and any other similar designations of source of goods or services, whether registered or unregistered, and registrations and pending applications to register the foregoing, and all goodwill related to or symbolized by the foregoing.

“Transaction Documents” means this Agreement and any other agreements, instruments or documents entered into pursuant to this Agreement.

“Transfer Taxes” has the meaning set forth in Section 8.1(a).

“Wells” has the meaning set forth in Section 2.1(b)(ii).

1.2 Other Definitions and Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.

(ii) Dollars. Any reference in this Agreement to “\$” or “dollars” means United States dollars.

(iii) Exhibits/Schedules. All Exhibits and Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.

(iv) Gender and Number. Any reference in this Agreement to gender includes all genders, and words imparting the singular number only include the plural and vice versa.

(v) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any “Section” or “Article” are to the corresponding Section or Article of this Agreement unless otherwise specified.

(vi) Herein. Words such as “herein,” “hereof” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

(vii) Including. The word “including” or any variation thereof means “including, without limitation,” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(viii) Statute. Unless otherwise specified, references to a statute means such statute as amended from time to time and includes any successor legislation thereto and any rules or regulations promulgated thereunder; *provided* that, for the purposes of the representations and warranties set forth herein, with respect to any violation of or non-compliance with, or alleged violation of or non-compliance with, any Legal Requirement, the reference to such Legal Requirement means such Legal Requirement as in effect at the time of such violation or non-compliance or alleged violation or non-compliance

(b) No Strict Construction. Buyer, on the one hand, and Seller, on the other hand, participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer, on the one hand, and Seller, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

ARTICLE 2

PURCHASE AND SALE

2.1 Purchase and Sale.

(a) Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Seller shall sell, transfer, assign, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, to Buyer, and Buyer shall purchase from Seller, the Assets.

(b) The “Assets” shall include all right, title and interest of Seller in, to or under the following:

(i) the Leases described in Exhibit A, together with any and all other rights, titles, and interests of Seller in and to the leasehold estates created thereby, including royalty interests, overriding royalty interests, production payments, net profits interests, farmout interests, carried interests, reversionary interests, and all other interests of any kind or character described in Exhibit A, subject to any depth restrictions and retained interests described in Exhibit A, the terms, conditions, covenants, and obligations set forth in the Leases and/or Exhibit A, along with all pools and units that include all or any part of any Lease (the “Units”), including without limitation, Seller’s right, title and interest in Hydrocarbon production from any Unit, regardless of whether such Unit production is derived from wells located on or off a Lease (collectively, the “Assigned Leases and Interests”);

(ii) all oil and gas wells (whether producing, inactive, temporarily or permanently abandoned, shut-in or otherwise) and any water injection wells located on the Leases (collectively, and including the wells set forth in Exhibit B, the “Wells”, and together with the Assigned Leases and Interests, the “Properties”);

(iii) all Hydrocarbons produced from or allocated to any or all of the Properties from and after the Effective Time, and all proceeds therefrom;

(iv) all Contracts, including sales and purchase contracts, unit operating agreements, exploration agreements, development agreements, seismic licenses,

balancing agreements, farmout agreements, service agreements, transportation, processing, treatment and gathering agreements, equipment leases and other contracts, agreements and instruments, including the Contracts described on **Exhibit C** attached hereto, in each case, insofar as they relate to any other Asset (collectively, the “Assigned Contracts”);

(v) to the extent that they may be assigned, all permits, licenses, servitudes, easements, rights-of-way and other surface agreements to the extent used primarily in connection with the ownership or operation of the Properties, excluding any permits and other appurtenances constituting Excluded Assets (collectively, the “Permits”);

(vi) all equipment, machinery, fixtures, and other real, personal, and mixed property, operational and nonoperational, known or unknown, located on the Properties or the other Assets described above as of the Effective Time, but excluding any such items constituting Excluded Assets (collectively, the “Equipment”);

(vii) all of the files, records, information, and data, whether written or electronically stored, in Seller’s possession and primarily relating to the Assets, including (a) land and title records (including abstracts of title and title curative documents); (b) contract files; (c) correspondence; (d) operations, environmental, production, and accounting records, (e) proprietary seismic and specific seismic lines and any reprocessed data (and related maps) if assignable by Seller without cost, unless Buyer has agreed to and pays the cost, (f) any seismic data reprocessed by Seller (and related maps) for which Buyer, on or prior to Closing (or within five (5) Business Days after Closing), has obtained an appropriate license from the seismic contractor, together with any available interpreted horizons, faults, polygons and reservoir maps generated from the original/reprocessed data, to the extent disclosure or transfer of same is permitted under such license obtained by Seller, (g) all geological, geochemical, or geophysical data (including cores and other physical samples or materials from wells or tests) belonging to Seller relating to the Assets; and (h) facility and well records but excluding any of the foregoing items that are Excluded Assets (collectively, the “Records”);

(viii) except with respect to the Excluded Assets and the Excluded Liabilities, all claims, refunds, abatement, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of Seller to the extent related to the Assets and arising or relating to events occurring from and after the Effective Time or related to the Assumed Liabilities;

(ix) all Known Receivables, cash call pre-payments and other refunds due to Seller for royalty overpayments and/or future deductions as royalty offsets associated with any Asset as of the Effective Time;

(x) all trade credits, accounts receivable, note receivables, take or pay amounts receivable, and other receivables attributable to the other Assets, with respect to any period of time on and after the Effective Time; and

(xi) all Intellectual Property used or held for use exclusively in the ownership or operation of the Assets.

2.2 Excluded Assets.

Notwithstanding the foregoing, the Assets shall not include, and there is excepted, reserved and excluded from the transaction contemplated hereby, the following (collectively, the “Excluded Assets”):

- (a) the Purchase Price delivered to Seller pursuant to this Agreement;
- (b) all cash and cash equivalents, including checks, commercial paper, treasury bills, certificates of deposit, letters of credit, bank accounts and other bank deposits as of the Closing Date, in each case, excluding the Suspense Funds;
- (c) all Hydrocarbons produced from or attributable to the Properties prior to the Effective Time, including marketable Hydrocarbons produced from or attributable to the Properties in storage tanks as of the Effective Time, and Hydrocarbons above a custody transfer point on the Effective Time, and all proceeds attributable thereto;
- (d) all shares of capital stock or other equity interest of Seller or any of Seller’s Subsidiaries or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interest of Seller or any of Seller’s Subsidiaries;
- (e) all minute books, stock ledgers, corporate seals and stock certificates of Seller;
- (f) all Excluded Records;
- (g) all rights to any refunds of Taxes (or other related costs or expenses) that are borne by or the responsibility of Seller, attributable to any Tax asset of Seller, or to which Seller is otherwise entitled hereunder;
- (h) subject to Section 8.8(b), all insurance policies and rights to proceeds thereof;
- (i) all Permits and pending applications therefor to the extent related to any other Excluded Asset or the Excluded Liabilities;
- (j) all Intellectual Property that is not used or held for use exclusively in the ownership or operation of the Assets;
- (k) all prepayments, good faith and other bid deposits submitted by any third party under the terms of the Bidding Procedures Order;
- (l) all claims, refunds, loss carry forwards, abatements, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, audit rights, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of Seller, other than those constituting Assets;
- (m) all rights, claims or causes of action by or in the right of Seller against any current or former director or officer of Seller;
- (n) the Avoidance Actions;
- (o) any rights, claims or causes of action of Seller under this Agreement or any other Transaction Document;

(p) all proceeds, income, revenues, claims, refunds and other benefits (including without limitation any benefit attributable to any current or future laws or regulations in respect of “royalty relief” or other similar measures) not otherwise enumerated above (including without limitation any royalty overpayment receivables and/or future deductions as royalty offsets generated as a result of either Seller’s audit of royalties paid to any Governmental Authority as well as any security or other deposits made) attributable to the Assets for any period prior to the Effective Time or any Excluded Assets (if any);

(q) documents prepared or received by Seller with respect to (i) lists of prospective purchasers for such transactions compiled by Seller, (ii) bids submitted by other prospective purchasers of the Assets, (iii) analyses by Seller of any bids submitted by any prospective purchaser, (iv) correspondence between or among Seller, its respective representatives, and any prospective purchaser other than Buyer, (v) internal valuations or economic models and (vi) correspondence between Seller or any of its respective representatives with respect to any of the bids, the prospective purchasers, or the transactions contemplated in this Agreement;

(r) any offices, office leases or personal property located on such sites which are not directly related to any one or more of the Assets; and

(s) all rights to the use of deposits and retainers paid by Seller to the extent held and applied by Seller’s professionals on or before sixty (60) days after the earlier to occur of (i) the effective date of a plan of reorganization or liquidation, (ii) the conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code, or (iii) the dismissal of the Bankruptcy Case by the Bankruptcy Court.

2.3 Assumed Liabilities.

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Buyer shall assume and agree to discharge, when due (in accordance with their respective terms and subject to the respective conditions thereof), the following Liabilities (collectively, the “Assumed Liabilities”):

(a) Assigned Contracts. All of Seller’s Liabilities under the Assigned Contracts, whether such Liabilities arise prior to, at or after the Effective Time.

(b) Properties. All of Seller’s Liabilities arising out of the ownership or operation of the Properties (including plugging and abandonment obligations, and the terms of the applicable Permits and Assigned Contracts), whether such Liabilities arise prior to, at or after the Effective Time.

(c) Cure Costs. All Cure Costs.

(d) Suspense Funds. All Suspense Funds, together with any escheatment obligations related thereto.

(e) Buyer Taxes. All Asset Taxes with respect to the Assets, except Asset Taxes that are the responsibility of the Seller pursuant to Section 8.1(b).

(f) Transfer Taxes. All Transfer Taxes.

(g) Environmental Liabilities. All Liabilities under Environmental Law arising from, related to or associated with the Assets (including the performance of all related

salvage, site clearance, and surface restoration operations), whether such Liabilities arise prior to, at or after the Closing Date.

(h) Other Assets. To the extent not already described in Section 2.3(a) through (g) above, all Liabilities arising from, related to or associated with the Assets, whether such Liabilities arise prior to, at or after the Effective Time, except for Asset Taxes that are the responsibility of Seller pursuant to Section 8.1(b) and Excluded Liabilities under Section 2.4 below.

The assumption by Buyer of the Assumed Liabilities shall not, in any way, enlarge the rights of any third parties relating thereto.

2.4 Excluded Liabilities.

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform or otherwise discharge any Liability of Seller, and Seller shall be solely and exclusively liable with respect to all Liabilities of Seller, other than the Assumed Liabilities (such Liabilities other than Assumed Liabilities, collectively, the “Excluded Liabilities”). For purposes of clarity, and without limitation of the generality of the foregoing, the Excluded Liabilities shall include, without limitation, each of the following Liabilities of Seller, other than the Assumed Liabilities:

(a) all indebtedness for borrowed money of Seller whether or not arising from, related to or associated with the Assets;

(b) Tax liabilities of Seller (other than Transfer Taxes and Asset Taxes that are the responsibility of Buyer pursuant to Section 8.1(b)) whether or not arising from, related to or associated with the Assets;

(c) all Liabilities of Seller to any owner or former owner of capital stock or warrants, or holder of indebtedness for borrowed money whether or not arising from, related to or associated with the Assets; and

(d) any claims to the extent related to the Excluded Assets.

2.5 Cure Costs.

On or prior to the Closing, Buyer shall pay, pursuant to Section 365 of the Bankruptcy Code and the Sale Order, any and all cure and reinstatement costs or expenses relating to the assignment and assumption of the Assigned Contracts and Assigned Leases and Interests (the “Cure Costs”) to which Seller is a party and which are included in the Assets.

2.6 Assignment of Assets Subject to Consent Requirements.

If prior to the Closing Date any consent to assignment applicable to the transactions contemplated hereby (other than governmental consents or approvals customarily obtained post-Closing) (a) has not been obtained, waived or satisfied, or (b) is no longer applicable to the transactions contemplated hereby by reason of any Bankruptcy Court Order, and further, failure to obtain such third party consent or waiver may result in termination of a Lease, including causing such to be void or voidable (each such consent, a “Hard Consent”), the Properties affected by such third party Hard Consent shall be held back from the Assets conveyed at Closing without reduction to the Base Purchase Price. Any Property so held back at the Closing will be conveyed to Buyer within ten (10) Business Days after such Hard Consent has been obtained, waived or otherwise satisfied. At such subsequent closing, Seller shall contribute, assign, transfer and convey to Buyer,

and Buyer shall acquire and accept from Seller, such Property pursuant to the terms of this Agreement. Except for Hard Consents, if any consents to the assignment of any Asset are not obtained prior to Closing, then with respect to each affected Asset, the affected Assets shall nevertheless be sold and conveyed to Buyer at the Closing and Buyer shall pay for the affected Asset(s) at Closing in accordance with this Agreement as though the consent had been obtained. In the case of licenses, certificates, approvals, authorizations, Leases, Contracts and other commitments included in the Assets (i) that cannot be transferred or assigned without the Hard Consent of third parties, which Hard Consent has not been obtained prior to the Closing (after giving effect to the Sale Order and the Bankruptcy Code), Seller shall, at Buyer's sole expense and subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with Buyer in attempting to obtain such Hard Consent and, if any such Hard Consent is not obtained, Seller shall, following the Closing, at Buyer's sole expense and subject to any approval of the Bankruptcy Court that may be required, cooperate with Buyer in all reasonable respects to provide to Buyer the benefits thereof in some other manner, or (ii) that are otherwise not transferable or assignable (after giving effect to the Sale Order and the Bankruptcy Code), Seller shall, following the Closing, at Buyer's sole expense and subject to any approval of the Bankruptcy Court that may be required, reasonably cooperate with Buyer to provide to Buyer the benefits thereof in some other manner (including the exercise of the rights of Seller thereunder); *provided* that nothing in this Section 2.6 shall (1) require Seller to make any expenditure or incur any obligation on its own or on behalf of Buyer for which funds in the full amount of such expenditure or obligation are not provided to Seller by Buyer in advance in cash or (2) prohibit Seller from ceasing operations or winding up its affairs following the Closing.

2.7 Further Assurances.

The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction Documents; *provided* that nothing in this Section 2.7 shall prohibit Seller from ceasing operations or winding up its affairs following the Closing.

ARTICLE 3

PURCHASE PRICE

3.1 Purchase Price.

The purchase price for the purchase, sale, assignment and conveyance of Seller's right, title and interest in, to and under the Assets shall consist of the following (collectively, the "Base Purchase Price"):

- (a) cash in an amount equal to THIRTY-ONE MILLION AND ONE HUNDRED THOUSAND NO/100 DOLLARS (\$31,100,000.00); and
- (b) the assumption of the Assumed Liabilities.

Notwithstanding the foregoing, the Base Purchase Price shall be adjusted as provided in Section 8.9 hereof (as adjusted, the "Purchase Price"). The cash components of the Purchase Price shall be delivered by Buyer as set forth in Section 4.2.

3.2 Deposit.

Prior to the execution of this Agreement, Buyer has paid to Citibank, N.A. (“Escrow Agent”), pursuant to that certain escrow agreement by and among Seller, Buyer and Escrow Agent, a deposit in the amount of THREE MILLION AND NO/100 DOLLARS (\$3,000,000.00) (the “Deposit”). At Closing, the Parties shall cause the Escrow Agent to release the Deposit (and any interest accrued thereon) to Seller, and the Deposit (and any interest accrued thereon) shall be credited against the cash component of the Purchase Price required to be paid by Buyer to Seller at Closing. If this Agreement is terminated by Seller prior to Closing pursuant to Section 11.1(c)(i), then the Parties shall cause the Escrow Agent to release the Deposit (and any interest accrued thereon) to Seller within two (2) Business Days of such termination, and such amount shall constitute liquidated damages (and not a penalty). If this Agreement is terminated prior to Closing for any other reason, then the Parties shall cause the Escrow Agent to release the Deposit (and any interest accrued thereon) to Buyer within two (2) Business Days of such termination.

ARTICLE 4

CLOSING

4.1 Closing Date.

Upon the terms and subject to the conditions hereof, the closing of the sale of the Assets and the assumption of the Assumed Liabilities contemplated hereby (the “Closing”) shall take place at the office of Seller at 920 Memorial City Way, Houston, Texas 77024 (or at such other location as the Parties may mutually agree), on April 5, 2018, or if all conditions to Closing in Article 9 and Article 10 have been satisfied or (if permissible) waived (other than the conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or (if permissible) waiver of such conditions), no later than three (3) Business Days following the date on which the conditions set forth in Article 9 and Article 10 have been satisfied or (if permissible) waived (other than the conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or (if permissible) waiver of such conditions). The date and time at which the Closing actually occurs is hereinafter referred to as the “Closing Date.”

4.2 Payment on the Closing Date.

Subject to satisfaction or (if permissible) waiver of the conditions set forth in Article 9 and Article 10, at the Closing, (a) Buyer shall pay (or cause to be paid) the cash components of the Purchase Price, less the Deposit (and any interest accrued thereon), by wire transfer of immediately available funds to an account specified in writing by Seller prior to the Closing Date, and (b) as set forth in Section 3.2, the Parties shall cause the Escrow Agent to release the Deposit (and any interest accrued thereon) to Seller.

4.3 Buyer’s Deliveries.

At the Closing, Buyer shall deliver or cause to be delivered to Seller (or such other Persons where so designated):

(a) the cash consideration referenced in Section 3.1(a), less the Deposit (and any interest accrued thereon), to Seller in accordance with Section 4.2;

(b) a copy of Buyer’s Articles of Incorporation, certified as of a recent date by the Secretary of State of the State of Texas;

(c) the appropriate DOI forms (including without limitation, as applicable, Form BOEM-1017, Form BOEM-1019 and Form BOEM-1022) to reflect Buyer as the designated applicant for oil spill financial responsibility purposes for the Leases (or portions thereof) and shall deliver to Seller such other evidence that Buyer is qualified with the applicable Governmental Authorities to succeed Seller as the designated applicant of the Assets for oil spill financial responsibility purposes;

(d) transfers and assignments, on appropriate forms (including Form BOEM-0150, Form BOEM-0151 and corresponding designation of operator form (Form BOEM-1123), as applicable) and as may be required by any Governmental Authority in order to transfer the Assets from Seller to Buyer pursuant to the terms of this Agreement;

(e) all instruments necessary to become a party to and assume obligations in the unit operating agreements applicable to the Assets;

(f) a certificate of the corporate secretary of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Seller, as to (i) there having been no amendments to the Articles of Incorporation of Buyer since the date of the certified Articles of Incorporation delivered pursuant to Section 4.3(b); (ii) Buyer's authorization to execute and perform its obligations under the Transaction Documents to which Buyer is a party; and (iii) incumbency and signatures of the Chief Executive Officer of Buyer executing the Transaction Documents;

(g) each other Transaction Document to which Buyer is a party, duly executed (and acknowledged, where applicable) by Buyer, including the Assignments, letters-in-lieu of transfer orders, change of operator forms to be prepared by Seller, change of operator notices required under applicable operating agreements, and any other applicable forms and declarations required by federal and state agencies relative to Buyer's assumption of operations and plugging and abandonment Liabilities with respect to all of the Assets;

(h) the certificates of Buyer to be received by Seller pursuant to Sections 10.1 and 10.3;

(i) a counterpart of the Preliminary Settlement Statement executed by Buyer;

(j) evidence (including evidence of satisfaction of all applicable bonding or insurance requirements) as Seller may reasonably request demonstrating that Buyer is qualified with the applicable Governmental Authorities and pursuant to any applicable operating agreement to succeed Seller as the owner and, where applicable, the operator of the Assets;

(k) such other assignments and other good and sufficient instruments of assumption and transfer, in form reasonably satisfactory to Seller, as Seller may reasonably request to transfer and assign the Assumed Liabilities to Buyer.

4.4 Seller's Deliveries.

At the Closing, Seller shall deliver to Buyer:

(a) the Assignments and each other Transaction Document to which Seller is a party (including letters-in-lieu of transfer orders and change of operator forms), duly executed (and acknowledged, where applicable) by Seller;

- (b) a certified copy of the Sale Order;
- (c) the certificates of Seller to be received by Buyer pursuant to Sections 9.1 and 9.2;
- (d) a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Code §1445, stating that Seller is not a “foreign person” as defined therein;
- (e) a counterpart of the Preliminary Settlement Statement executed by Seller;
- (f) transfers and assignments, on appropriate forms (including Form BOEM-0150, Form BOEM-0151 and corresponding designation of operator form (Form BOEM-1123), as applicable) and as may be required by any Governmental Authority in order to transfer the Assets from Seller to Buyer pursuant to the terms of this Agreement; and
- (g) such other bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer, in form reasonably satisfactory to Buyer, as Buyer may reasonably request to vest in Buyer all the right, title and interest of Seller in, to or under any or all the Assets.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF SELLER

Except as disclosed in the Seller SEC Documents, Seller represents and warrants the following to Buyer:

5.1 Organization and Good Standing.

Seller is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Seller has the requisite corporate power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Seller is duly qualified or licensed to do business and is in good standing in each jurisdiction where the character of its business or the nature of its properties makes such qualification or licensing necessary, except for such failures to be so qualified or licensed or in good standing as would not, individually or in the aggregate, have a Material Adverse Effect.

5.2 Authority; Validity; Consents.

Seller has, subject to requisite Bankruptcy Court approval, the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which Seller is a party and to consummate the transactions contemplated hereby and thereby, and, subject to requisite Bankruptcy Court approval, the execution, delivery and performance of this Agreement and such other Transaction Documents by Seller and the consummation by Seller of the transactions contemplated herein and therein have been duly and validly authorized by all requisite corporate action. This Agreement has been duly and validly executed and delivered by Seller and each other Transaction Document required to be executed and delivered by Seller at the Closing will be duly and validly executed and delivered by Seller at the Closing. Subject to requisite Bankruptcy Court approval, this Agreement and the other Transaction Documents constitute, with respect to Seller, the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except

as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Legal Requirements affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such principles are considered in a proceeding at law or in equity. Subject to requisite Bankruptcy Court approval, except for (a) entry of the Sale Order, (b) notices, filings and consents required in connection with the Bankruptcy Case, (c) any applicable notices, filing, consents or approvals under any applicable antitrust, competition or trade regulation Legal Requirements and (d) any notices, filings and consents customarily obtained post-Closing, Seller is not required to give any notice to, make any filing with or obtain any consent from any Person in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of any of the transactions contemplated hereby and thereby, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.3 No Conflict.

When the consents and other actions described in Section 5.2, including requisite Bankruptcy Court approval, have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions provided for herein and therein will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Seller under (a) any agreement, indenture, or other instrument to which Seller is bound, (b) the certificate of incorporation, bylaws or other governing documents of Seller, (c) any Order or (d) any Legal Requirement, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.4 Permits.

To Seller's Knowledge, as of the Execution Date, (a) Seller has not received written notice of default under any Permit and (b) no violations exist in respect of such Permits, except for such non-compliance and such facts, conditions or circumstances, the existence of which would not constitute a Material Adverse Effect.

5.5 Hedging.

There are no futures, options, swaps or other derivatives with respect to the sale of Hydrocarbons from the Assets that are or will be binding on Buyer or the Assets at any time after the Closing Date.

5.6 Legal Proceedings.

Except for the Bankruptcy Case and any adversary proceedings or contested motions commenced in connection therewith, there is no Proceeding or Order pending, outstanding or, to Seller's Knowledge, threatened against Seller that seeks to restrain or prohibit or otherwise challenge the consummation, legality or validity of the transactions contemplated hereby or that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.7 Brokers or Finders.

Seller has not incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with

this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby for which Buyer is or will become liable.

5.8 Knowledge Qualifier for Non-Operated Assets.

To the extent that Seller has made any representations or warranties in this Article 5 in connection with matters relating to non-operated Assets, each and every such representation and warranty shall be deemed to be qualified by the phrase “To Seller’s Knowledge”.

5.9 Cure Costs.

There are no Cure Costs attributable to the Assets.

5.10 Surety Bonds.

Except as set forth on Schedule 5.10, there are no Surety Bonds relating to the Assets.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

6.1 Organization and Good Standing.

Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the State of Texas. Buyer has the requisite power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Buyer is duly qualified or licensed to do business in the State(s) where the Assets are located, except for such failures to be so qualified or licensed as would not, individually or in the aggregate, have a Material Adverse Effect.

6.2 Authority; Validity; Consents.

Buyer has the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the transactions contemplated herein have been duly and validly authorized by all requisite limited liability company or corporate actions in respect thereof. This Agreement has been duly and validly executed and delivered by Buyer and each other Transaction Document to which Buyer is a Party will be duly and validly executed and delivered by Buyer, as applicable, at the Closing. This Agreement and the other Transaction Documents to which Buyer is a party constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except in each case as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Legal Requirements affecting the enforcement of creditors’ rights generally and by general principles of equity, regardless of whether such principles are considered in a proceeding at law or in equity. Buyer is not or will not be required to give any notice to, make any filing with, or obtain any consent or approval from any Person in connection with the execution and delivery of this Agreement and the other Transaction Documents to which it is a Party or the consummation or performance of any of the transactions contemplated hereby or thereby, except for such notices,

filings, consents and approvals, the failure of which to provide, make or obtain, would not, individually or in the aggregate, affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the transactions contemplated hereby or thereby, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.3 No Conflict.

When the consents and other actions described in Section 6.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions provided for herein and therein will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Buyer under (a) any agreement, indenture or other instrument to which it is bound, (b) the Articles of Incorporation or Bylaws of Buyer, as applicable, (c) any Order or (d) any Legal Requirement, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.4 Availability of Funds.

As of the Closing, Buyer will have sufficient cash in immediately available funds (without giving effect to any unfunded financing, regardless of whether any such financing is committed) to pay the Purchase Price, all costs, fees and expenses to be paid by Buyer that are necessary to consummate the transactions contemplated by this Agreement and the other Transaction Documents, and assume the Assumed Liabilities. Buyer's ability to consummate the transaction contemplated hereby is not contingent upon its ability to secure financing or to complete any public or private placement of securities prior to or upon Closing.

6.5 Litigation.

There are no Proceedings or Orders pending or, to the Knowledge of Buyer, threatened against Buyer, that seek to restrain or prohibit or otherwise challenge the consummation, legality or validity of the transactions contemplated hereby or that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.6 Bankruptcy.

There are no bankruptcy, reorganization or arrangement proceedings pending, being contemplated by, or to the Knowledge of Buyer, threatened against Buyer or any of its Affiliates.

6.7 Brokers or Finders.

Neither Buyer nor any Person acting on behalf of Buyer has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary for or on account of the transactions contemplated by this Agreement for which Seller is or will become liable.

6.8 Knowledge and Experience.

Buyer (a) is engaged in the business of exploring for and producing Hydrocarbons as an ongoing business and (b) is purchasing the Assets for its own account for investment purposes and not with the intent to resell the Assets in violation of any federal or state securities laws. Buyer is an experienced and knowledgeable investor in oil and gas properties, is knowledgeable with

respect to the tax ramifications associated therewith and herewith, has the financial and business expertise to fully evaluate the merits and risks of the transaction covered by this Agreement and has relied solely upon the basis of its own independent investigation of the Assets for all purposes (including the geologic and geophysical characteristics of the Assets, the estimated Hydrocarbon reserves recoverable therefrom, and the price and expense assumptions applicable thereto). In acquiring the Assets, Buyer is acting in the conduct of its own business and not under any specific contractual commitment to any third party, or any specific nominee agreement with any third party, to transfer to, or to hold title on behalf of, such third party, with respect to all or any part of the Assets. Buyer acknowledges that it has had the opportunity to seek the advice of persons it deemed appropriate concerning the consequences of the provisions of this Agreement and hereby waives any and all rights to claim that it is an unsophisticated investor in oil and gas properties.

6.9 Qualification to Assume Operatorship.

At Closing, Buyer is qualified to own and, where applicable, assume operatorship of the Assets in all jurisdictions where the Assets are located, and the consummation of the transactions contemplated by this Agreement will not cause Buyer to be disqualified as such an owner or operator. To the extent required by the applicable state, tribal and federal Governmental Authorities, Buyer currently has, and will continue to maintain, lease bonds, area-wide bonds or any other surety bonds or insurance policies as may be required by, and in accordance with, any Governmental Authorities with jurisdiction over the ownership or operation of such Assets or any operating agreement.

ARTICLE 7

ACTIONS PRIOR TO THE CLOSING DATE

7.1 Operations Prior to the Closing Date.

Seller covenants and agrees that, except (w) as expressly contemplated by this Agreement, (x) with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), (y) as otherwise required by Legal Requirements, after the Execution Date and prior to the Closing Date, and (z) as ordered or authorized by the Bankruptcy Court or limited by restrictions or limitations under the Bankruptcy Code on chapter 11 debtors:

(a) Seller shall:

(i) use commercially reasonable efforts, taking into account Seller's status as debtor in possession, to maintain and operate the Assets operated by Seller as a reasonably prudent operator or cause such Assets to be operated as a reasonably prudent operator in the ordinary course of business; and

(ii) maintain books, accounts and records relating to the Assets in accordance with past custom and practice.

(b) Seller shall not:

(i) abandon any Asset (except any abandonment of Leases to the extent any such Leases terminate pursuant to their terms);

(ii) commence, propose, or agree to participate in any single operation with respect to the Wells or Assigned Leases and Interests with an anticipated cost in excess of One Million Dollars (\$1,000,000) net to the interest of Seller, except for emergency

operations taken in the face of risk to life, injury, property or the environment, operations scheduled under applicable AFEs, or operations required by any Governmental Authority (including with respect to plugging and abandonment obligations);

(iii) terminate, cancel, or materially amend or modify any Assigned Contract or Assigned Lease and Interest;

(iv) sell, lease, encumber, or otherwise dispose of all or any portion of any Assets, except sales of Hydrocarbons in the ordinary course of business; or

(v) enter into any agreement or commitment to take any action prohibited by this Section 7.1(b).

7.2 Reasonable Best Efforts.

(a) Seller, on the one hand, and Buyer, on the other hand, shall use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated hereby, including using reasonable best efforts to accomplish the following: (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article 9 and Article 10 to be satisfied, (ii) the obtaining, at the earliest practicable date, of all necessary Governmental Authorizations and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Authorities, if any) and the taking of all reasonable steps as may be necessary to avoid any Proceeding by any Governmental Authority, and (iii) the execution or delivery of any additional instruments necessary to consummate the transactions contemplated hereby and to fully carry out the purposes of this Agreement. Additionally, with regard to each Property operated by a party other than Seller, Buyer shall, as soon as reasonably practicable after the Closing Date, deliver to the applicable operator of such Property a copy of the recorded Assignment(s) evidencing the conveyance of Seller's interest in such Property to Buyer, as well as any other documentation reasonably requested by such operator to evidence such conveyance.

(b) Seller, on the one hand, and Buyer, on the other hand, (i) shall promptly inform each other of any communication from any Governmental Authority concerning this Agreement, the transactions contemplated hereby, and any filing, notification or request for approval and (ii) shall permit the other to review in advance any proposed written or material oral communication or information submitted to any such Governmental Authority in response thereto. In addition, neither of the Parties shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry with respect to this Agreement or the transactions contemplated hereby, unless such Party consults with the other Party in advance and, to the extent permitted by any such Governmental Authority, gives the other Party the opportunity to attend and participate thereat, in each case to the maximum extent practicable. Subject to any restrictions under applicable Legal Requirements, each of Buyer, on the one hand, and Seller, on the other hand, shall furnish the other with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and its respective Representatives on the one hand, and the Governmental Authority or members of its staff on the other hand, with respect to this Agreement, the transactions contemplated hereby (excluding documents and communications which are subject to preexisting non-disclosure agreements or to the attorney-client privilege or work product doctrine) or any such filing,

notification or request for approval. Each Party shall also furnish the other Party with such necessary information and assistance as such other Party and its Affiliates may reasonably request in connection with their preparation of necessary filings, registration or submissions of information to the Governmental Authority in connection with this Agreement, the transactions contemplated hereby and any such filing, notification or request for approval.

(c) Subject to the terms and conditions of this Agreement, Buyer shall take any and all steps reasonably necessary to avoid or eliminate any impediments under any applicable antitrust, competition or trade regulation laws that may be asserted by any Governmental Authority with respect to the transactions contemplated hereby so as to enable the Closing to occur as soon as reasonably possible, including proposing, negotiating, committing to and effecting, by consent decree or otherwise, the sale, divestiture or disposition of such assets or businesses of Buyer or any of its Subsidiaries as may be reasonably required in order to avoid the entry, or to effect the dissolution, of any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing, delaying or restricting the consummation of the transactions contemplated in this Agreement.

7.3 Bankruptcy Court Approval.

(a) Seller and Buyer acknowledge that this Agreement and the sale of the Assets and the assumption and assignment of the Assigned Contracts and Assigned Leases and Interests are subject to Bankruptcy Court approval. Seller and Buyer acknowledge that (i) to obtain such approval, Seller must demonstrate that it has taken reasonable steps to obtain the highest and otherwise best offer possible for the Assets, and that such demonstration shall include giving notice of the transaction contemplated by this Agreement to creditors and other interested parties as ordered by the Bankruptcy Court, and, if necessary, conducting the Auction, and (ii) Buyer must provide adequate assurance of future performance as required under the Bankruptcy Code with respect to each Assigned Contract and Assigned Lease and Interest.

(b) In the event an appeal is taken or a stay pending appeal is requested, from either the Bidding Procedures Order or the Sale Order, Seller shall promptly notify Buyer of such appeal or stay request and shall provide to Buyer promptly a copy of the related notice of appeal or Order of stay. Seller shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such Orders.

(c) From and after the Execution Date and prior to the Closing or the termination of this Agreement in accordance with Section 11.1, Seller shall not take any action which is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Bidding Procedures Order or this Agreement. If Buyer is the Successful Bidder at the Auction, Seller shall not take any action which is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Sale Order or this Agreement.

7.4 Updates and Amendments of Exhibits.

Until the Auction (if any), Seller shall have the right to amend, modify and/or supplement Exhibit A and Exhibit C, in each case, as applicable, in order to reflect any new Contracts or Leases taken by Seller; provided, however that Buyer shall have the right to terminate

this Agreement upon any such amendment, modification and/or supplement of **Exhibit A** or **Exhibit C**.

7.5 Bidding Procedures.

The bidding procedures to be employed with respect to this Agreement shall be those reflected in the Bidding Procedures Order. Buyer agrees and acknowledges that Seller and its Representatives and Affiliates are and may continue soliciting inquiries, proposals or offers from third parties (the “Potential Bidders”) for the Assets in connection with any alternative transaction pursuant to the terms of the Bidding Procedures Order.

7.6 Not Applicable.

7.7 Access to Buyer Documentation.

On or before five (5) Business Days prior to the Auction, Buyer shall have delivered to Seller true and complete, fully-executed copies of (i) Buyer’s Articles of Incorporation and Bylaws, and (ii) any agreements with a third Person relating to, directly or indirectly, the Auction and/or Buyer’s (or Buyer’s Representatives’) participation therein. All such information obtained or reviewed by Seller shall be maintained confidential by Seller and shall be governed by the terms of the Non-Disclosure Agreement.

7.8 BOEM Qualifications.

(a) Prior to Closing, and only to the extent that any such qualification is required by applicable laws to own or operate the Assets, Buyer shall, (i) become qualified with the BOEM to hold oil and gas leases, rights-of-way, and right-of-use easements on the U.S. Outer Continental Shelf under 30 CFR 550 and 30 CFR 556.35 and to meet any other requirements under Law to receive and hold such assets and properties (the “BOEM Qualifications”), (ii) become qualified with each applicable Governmental Authority to hold all state oil and gas leases, state rights-of-way and state right-of-use easements included in the Assets, and (iii) provide Seller evidence of such qualification, including copies of all filings and correspondence submitted to or received from the BOEM, BSEE (in either case, if any) and such other Governmental Authorities to obtain such registration and qualification, including all applicable BOEM approval letters and issuance of Company Number for Buyer.

(b) Prior to Closing, Buyer shall (i) obtain all bonds, letters of credit and guarantees necessary to replace the Surety Bonds as required pursuant to Section 7.9 and applicable law, except for those Surety Bonds that cannot be obtained until BOEM approves assignment of the Assets (to the extent any such approval is necessary), as further provided in Section 7.9, (ii) become qualified and approved (in each case, only to the extent that any such qualification or approval is required by applicable laws to own or operate the Assets) by BOEM, BSEE and all other applicable Governmental Authorities as an operator of all Leases and all other Assets which Buyer is obligated to operate under this Agreement, and (iii) provide Seller evidence of such qualifications and approvals, including copies of all filings and correspondence submitted to or received from the BOEM, BSEE (in either case, if any) and all other applicable Governmental Authorities

(c) Promptly following the Closing, Buyer shall (i) be qualified and approved (in each case, only to the extent that any such qualification or approval is required by applicable Laws to own or operate the Assets) by BOEM, BSEE and all other applicable Governmental Authorities as an operator of any applicable Assets for which Buyer is obligated to operate under

this agreement and (ii) provide Seller evidence of such qualifications and approvals including evidence of all filings and correspondence submitted to or received from the BOEM, BSEE (in either case, if any) and all other applicable Governmental Authorities.

7.9 Surety Bonds.

Buyer acknowledges that none of the bonds, letters of credit and guarantees posted by Seller or its Affiliates with Governmental Authorities or other third parties and relating to the Assets (collectively, the "Surety Bonds") will be transferred to Buyer. On or before the Closing Date, or, with respect to those Surety Bonds that cannot be obtained until the assignment of the Assets has been approved by the BOEM (to the extent any such approval is necessary), as soon after the Closing Date as possible, Buyer shall obtain, or cause to be obtained in the name of Buyer and effective as of the Closing Date, replacements for such Surety Bonds (in each case, as may be required by applicable laws) and take any other actions required by any Governmental Authority or other third party to the extent such replacements or actions are necessary (a) for Buyer's ownership of the Assets and (b) to permit the cancellation of the Surety Bonds posted by Seller and/or its Affiliates with respect to the Assets. In addition, at or prior to Closing, or, with respect to those Surety Bonds that cannot be obtained until the assignment of the Assets has been approved by the BOEM (to the extent any such approval is necessary), as soon after the Closing Date as possible, Buyer shall deliver to Seller evidence of the posting of bonds or other security with all applicable Governmental Authorities meeting the requirements of such authorities to own and, where appropriate, operate, the Assets.

7.10 Employees.

Before the Closing Date, Seller shall advise all of Seller's employees (including those employees of Seller who are on the active payroll, as well as those employees who are on lay-off status or approved leaves of absence) of the sale of the Assets contemplated hereunder, and shall make available for hire by Buyer all of Seller's employees. Buyer may, at its sole discretion, elect to offer employment to some, all or none of Seller's employees, and Seller's employees may, at each such employee's sole discretion, elect to accept any such offer of employment by Buyer. Seller shall reasonably assist Buyer in communicating with Seller's employees for the purpose of determining whether or not to hire any such employee.

7.11 Insurance.

Seller shall maintain in force and effect through the Closing Date all insurance policies.

ARTICLE 8

ADDITIONAL AGREEMENTS

8.1 Taxes.

(a) Any transfer, documentary, sales, use, stamp, registration and other such Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement ("Transfer Taxes") shall be borne by Buyer. Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by applicable law, the Parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

(b) Seller shall retain responsibility for, and shall bear and pay, all ad valorem, property, excise, severance, production or similar Taxes based upon operation or ownership of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom (but excluding, for the avoidance of doubt, income taxes, franchise taxes and Transfer Taxes) (collectively, the “Asset Taxes”) assessed with respect to the Assets for (i) any period ending on or prior to the Effective Time and (ii) the portion of any Straddle Period ending on or prior to the Effective Time; *provided, however*, Seller shall not be obligated to pay any such Tax that is disputed in good faith by Seller for which adequate reserves have been recorded in Seller’s books and records; and *provided, further*, that Seller shall place any such disputed amount into escrow pending resolution of such dispute, and if such dispute is not resolved within one (1) year of the Closing Date, such funds shall be made available for the settlement of any such dispute. For purposes of allocation between the Parties of Asset Taxes assessed with respect to the Assets that are payable with respect to any tax periods beginning before and ending after the Effective Time (“Straddle Periods”), the portion of any such taxes that are attributable to the portion of the Straddle Period that ends on or prior to the Effective Time shall (1) in the case of such Asset Taxes that are based upon or related to income or receipts or imposed on a transactional basis such as severance or production taxes, be allocated based on revenues from sales occurring on or before the Effective Time or, in the case of an Asset Tax imposed on a transaction basis, whether the relevant transaction closed on or prior to the Effective Time (which shall be Seller’s responsibility) and from and after the Effective Time (which shall be Buyer’s responsibility); and (2) in the case of other Asset Taxes, be allocated pro rata per day between the period on or prior to the Effective Time (which shall be Seller’s responsibility) and the period after the Effective Time (which shall be Buyer’s responsibility). For purposes of clause (1) of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated pro rata per day between the period ending on or prior to the Effective Time and the period beginning at the Effective Time. At the Closing, Asset Taxes with respect to each Asset for the applicable Straddle Period shall be prorated in accordance with the foregoing provisions based on the Asset Tax assessment for such Asset for such Straddle Period, if available, or if otherwise, based on the Asset Taxes paid with respect to such Asset during the preceding Tax period. With respect to any not yet delinquent Asset Taxes relating to a Tax year ending after the Effective Time, Buyer will assume responsibility for the actual payment of all such Asset Taxes to the applicable Governmental Authority. With respect to any Asset Taxes relating to a Straddle Period or Pre-Effective Time Tax Period that are delinquent as of the Effective Time, the amount of which is known and not subject to dispute, Buyer shall pay the delinquent amount of such Asset Taxes directly to the applicable Governmental Authority at the Closing.

(c) Seller, on the one hand, or Buyer, on the other hand, as the case may be (the “Reimbursing Party”), shall provide reimbursement for any Tax paid by the other Party (the “Paying Party”), all or a portion of which is the responsibility of the Reimbursing Party, or which represents an overpayment for Taxes by the Paying Party, in accordance with the terms of this Section 8.1 (which such reimbursement may apply as a Purchase Price adjustment pursuant to Section 8.11(a)(ii) or Section 8.11(b)(iii), as applicable). Within a reasonable time prior to the payment of any such Tax, the Paying Party shall give notice to the Reimbursing Party of the Tax payable and the Paying Party’s and Reimbursing Party’s respective Liability therefor, although failure to do so will not relieve the Reimbursing Party from its Liability hereunder except to the extent the Reimbursing Party is prejudiced thereby. Any amounts which may become payable from Seller to Buyer pursuant to this Section 8.1(c) shall constitute a super priority administrative

expense of Seller under Section 364(c)(1) of the Bankruptcy Code with priority over any and all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code.

(d) Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Assets (including access to books and records and Tax Returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, state or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Assets are located; *provided, however*, that neither Buyer nor Seller shall be required to disclose the contents of its income Tax Returns to any Person. Any expenses incurred in furnishing such information or assistance pursuant to this Section 8.1(d) shall be borne by the Party requesting it.

8.2 Allocation of Purchase Price.

The Purchase Price (and all other capitalized costs) shall be allocated among the Assets as set forth on Schedule 8.2 only to the extent necessary to allocate the Purchase Price among the asset classes listed on Internal Revenue Service Form 8594, which shall be in accordance with Code §1060 and the regulations thereunder (and any similar provision of state, local, or non-U.S. law, as appropriate). The allocation to each Asset is referred to herein as the “Allocated Value” of such Asset, and the general allocation of value described in this Section 8.2 is referred to herein as the “Tax Allocation”. Seller and Buyer agree to be bound by the Allocated Values set forth in Schedule 8.2 for purposes of this Agreement. Seller and Buyer each agree to report, and to cause their respective Affiliates to report, the federal, state, and local income and other Tax consequences of the transactions contemplated herein, and in particular to report the information required by Code §1060(b), and to jointly prepare Internal Revenue Service Form 8594 (Asset Acquisition Statement under Code §1060) as promptly as possible following the Closing Date and in a manner consistent with the Tax Allocation, as may be revised, to take into account subsequent adjustments to the Purchase Price, including any adjustments pursuant to the Agreement to determine the Purchase Price, and shall not take any position for US federal state and local income tax purposes inconsistent therewith upon examination of any Tax return, in any refund claim, in any tax litigation, or investigation, unless required to do so by any Legal Requirement after notice to and discussions with the other Party, or with such other Party’s prior consent; *provided, however*, that nothing contained herein shall prevent Buyer or Seller from settling any proposed deficiency or adjustment by any Governmental Authority based upon or arising out of the Tax Allocation, and neither Buyer nor Seller shall be required to litigate before any court any proposed deficiency or adjustment by any Governmental Authority challenging the Tax Allocation; and *provided, further*, that the general allocation of value described in this Section 8.2 shall not be indicative or binding for any allocation of value in any of the cases commenced by Seller under chapter 11 of the Bankruptcy Code and comprising part of the Bankruptcy Case. Notwithstanding any other provision of this Agreement, the terms and provisions of this Section 8.2 shall survive the Closing without limitation.

8.3 Bulk Sales.

Buyer and Seller hereby waive compliance with all “bulk sales,” “bulk transfer” and similar laws that may otherwise be applicable with respect to the sale and transfer of any or all of the Assets to Buyer.

8.4 Assigned Contracts and Assigned Leases and Interests: Adequate Assurance and Performance.

(a) With respect to each Assigned Contract and Assigned Lease and Interest, Buyer shall provide adequate assurance as required under the Bankruptcy Code of the future performance by Buyer of each such Assigned Contract or Assigned Lease and Interest. Buyer and Seller agree that they will promptly take all actions reasonably required to assist in obtaining a Bankruptcy Court finding that there has been an adequate demonstration of adequate assurance of future performance under the Assigned Contracts and the Assigned Leases and Interests, such as furnishing timely requested and factually accurate affidavits and other documents or information for filing with the Bankruptcy Court and making Buyer’s and Seller’s employees and Representatives available to testify before the Bankruptcy Court. Notwithstanding the foregoing, Seller shall have no obligation under this Agreement (including, for the avoidance of doubt, pursuant to Section 7.2 or this Section 8.4(a)) to provide any assistance with respect to the preparation of any financial information.

(b) Buyer shall pay, perform or satisfy the Assumed Liabilities from time to time and as such Assumed Liabilities become due and payable or are required to be performed or satisfied in accordance with their respective terms.

(c) Without limiting the provisions of Section 8.4(a), Buyer acknowledges that Seller has no duty to maintain any bonds, letters of credit, guarantees, cash deposits and insurance to secure performance or payment under any Assigned Contracts or Assigned Leases and Interests (collectively, “Seller Credit Obligations”) after the Closing, and Buyer agrees to reasonably cooperate with Seller in Seller’s efforts to secure the release of any Seller Credit Obligations posted by Seller, such cooperation to include, if necessary, the provision by Buyer of a guaranty or letter of credit to secure Buyer’s payment and/or performance under any Assigned Contracts or Assigned Leases and Interests after the Closing. On or before the Closing, Buyer shall obtain, or cause to be obtained in the name of Buyer, replacements for all Seller Credit Obligations. If any Seller Credit Obligation remains outstanding as of the Closing Date, Buyer shall indemnify each member of the Seller Group and hold them harmless against any Losses that the Seller Group may incur under any such Seller Credit Obligations from and after the Effective Time.

8.5 Post-Closing Books and Records and Personnel.

For five (5) years after the Closing Date (or such longer period as may be required by any Governmental Authority or ongoing claim), (a) Buyer shall not dispose of or destroy any of the Records received by Buyer as Assets and (b) Buyer shall allow Seller (including, for clarity, any trust established under a chapter 11 plan of Seller or any other successors of Seller) and any of its directors, officers, employees, counsel, representatives, accountants and auditors reasonable access during normal business hours, at Seller’s sole expense and upon reasonable advance notice, to all employees and files of Buyer and its respective Subsidiaries and any Records included in the Assets for purposes relating to the Bankruptcy Case, the wind-down of the operations of Seller,

the functions of any such trusts or successors, or other reasonable business purposes, and Seller (including any such trust or successors) and such directors, officers, employees, counsel, representatives, accountants and auditors shall have the right to make copies of any such files, books, records and other materials. Until the closing of the Bankruptcy Case or the liquidation and winding up of Seller's estate, Seller shall preserve and keep the Records and, at Buyer's sole expense, shall make such Records, records, and Seller's personnel available to Buyer as may be reasonably required by Buyer in connection with, among other things, any insurance claims by, Proceedings, Actions or Tax audits against, or governmental investigations of, Buyer or any of its Affiliates or in order to enable Buyer to comply with its obligations under this Agreement and each other Transaction Document. In the event any Party desires to destroy any such Records during or after the time during which they must be maintained pursuant to this Section 8.5, such Party shall first give ninety (90) days prior written notice to the other Party and such other Party shall have the right at their option and expense, upon prior written notice given within such ninety (90) day period to the Party desiring to destroy such Records or records, to take possession of the Records within one hundred and eighty (180) days after the date of such notice, or such shorter period as the liquidation and winding up of Seller's estate shall permit.

8.6 No Other Representations or Warranties; Disclaimers; NORM.

(a) **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE TRANSACTION DOCUMENTS, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO BUYER (INCLUDING ANY OPINION, INFORMATION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER BY ANY RESPECTIVE AFFILIATE OR REPRESENTATIVE OF SELLER OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, SELLER'S COUNSEL, OR ANY OTHER AGENT, CONSULTANT, OR REPRESENTATIVE OF SELLER). SELLER FURTHER MAKES NO REPRESENTATION, COVENANT OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY FILES, RECORDS OR DATA HERETOFORE OR HEREAFTER FURNISHED IN CONNECTION WITH THE ASSETS, OR AS TO THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE ASSETS, OR THE ABILITY OF THE ASSETS TO PRODUCE HYDROCARBONS. ANY AND ALL SUCH FILES, RECORDS AND DATA FURNISHED BY SELLER IS PROVIDED AS A CONVENIENCE, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT BUYER'S SOLE RISK. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN ANY OF THE TRANSACTION DOCUMENTS, SELLER EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (A) THE TITLE TO ANY OF THE ASSETS, (B) THE CONDITION OF THE ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE ASSETS ARE BEING SOLD "AS IS," "WHERE IS," AND "WITH ALL FAULTS AS TO ALL MATTERS," (C) FREEDOM FROM HIDDEN OR REDHIBITORY DEFECTS OR VICES (D) ANY INFRINGEMENT BY SELLER OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY, (E) ANY INFORMATION, DATA, OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO BUYER BY OR ON BEHALF OF SELLER (INCLUDING WITHOUT LIMITATION, IN RESPECT OF ANY SEISMIC DATA, THE EXISTENCE OR EXTENT OF HYDROCARBONS OR THE MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING**

ASSUMPTIONS, AND THE ABILITY TO SELL HYDROCARBON PRODUCTION AFTER THE CLOSING), AND (F) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF THE ASSETS AND ANY POTENTIAL LIABILITY ARISING FROM OR RELATED TO THE ASSETS.

(b) **WAIVER OF CONSUMER AND OTHER RIGHTS: BUYER WAIVES ITS RIGHTS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, SPECIFICALLY INCLUDING SECTION 17.41 ET SEQ., VERNON'S TEXAS CODE ANNOTATED, BUSINESS AND COMMERCE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS, OR ANY SIMILAR STATE OR FEDERAL LAW. AFTER AN OPPORTUNITY TO CONSULT WITH AN ATTORNEY OF ITS OWN SELECTION, BUYER ACKNOWLEDGES THAT THE DISCLAIMERS AND WAIVERS GIVEN IN AND UNDER THIS AGREEMENT SHALL BE CONSIDERED MATERIAL AND INTEGRAL PARTS OF THIS AGREEMENT, WITH CONSIDERATION GIVEN THEREFOR, AND ACKNOWLEDGES THAT ALL DISCLAIMERS AND WAIVERS ARE "CONSPICUOUS" AND, HAVE BEEN BROUGHT TO THE ATTENTION OF BUYER, AND THAT BUYER HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO ALL DISCLAIMERS AND WAIVERS.**

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

(d) **BUYER ACKNOWLEDGES THAT THE ASSETS HAVE BEEN USED FOR EXPLORATION, DEVELOPMENT AND PRODUCTION OF OIL, GAS AND WATER AND THAT THERE MAY BE PETROLEUM, PRODUCED WATER, WASTES OR OTHER HAZARDOUS SUBSTANCES LOCATED ON, UNDER OR ASSOCIATED WITH THE ASSETS AND THE ASSETS MAY ALSO CONTAIN PREVIOUSLY PLUGGED AND ABANDONED WELLS, BURIED PIPELINES, STORAGE TANKS, AND OTHER EQUIPMENT, WHETHER OR NOT OF A SIMILAR NATURE, THE LOCATIONS OF WHICH MAY NOT BE KNOWN BY SELLER OR BE READILY APPARENT BY A PHYSICAL INSPECTION OF THE ASSETS. EQUIPMENT AND SITES INCLUDED IN THE ASSETS MAY CONTAIN NORM. NORM MAY AFFIX OR ATTACH ITSELF TO THE INSIDE OF WELLS, MATERIALS AND EQUIPMENT AS SCALE, OR IN OTHER FORMS; THE WELLS, MATERIALS AND EQUIPMENT LOCATED ON OR INCLUDED IN THE ASSETS MAY CONTAIN NORM AND OTHER WASTES OR HAZARDOUS SUBSTANCES; AND NORM CONTAINING MATERIAL AND OTHER WASTES OR HAZARDOUS SUBSTANCES MAY HAVE BEEN BURIED, COME IN CONTACT WITH THE SOIL OR OTHERWISE BEEN DISPOSED OF ON OR AROUND THE ASSETS. SPECIAL PROCEDURES MAY BE REQUIRED FOR THE REMEDIATION, REMOVAL, TRANSPORTATION OR DISPOSAL OF WASTES, ASBESTOS, HAZARDOUS SUBSTANCES, INCLUDING HYDROGEN SULFIDE GAS AND NORM FROM THE ASSETS. FROM AND AFTER THE CLOSING, BUYER SHALL ASSUME RESPONSIBILITY FOR THE CONTROL, STORAGE, HANDLING, TRANSPORTING AND DISPOSING OF OR DISCHARGE OF ALL MATERIALS, SUBSTANCES AND WASTES FROM THE ASSETS (INCLUDING PRODUCED WATER, HYDROGEN SULFIDE GAS, DRILLING FLUIDS, NORM AND OTHER WASTES), PRESENT AFTER THE EFFECTIVE TIME, IN A SAFE AND PRUDENT MANNER AND IN ACCORDANCE WITH ALL APPLICABLE ENVIRONMENTAL LAWS.**

8.7 Casualty.

(a) If, after the Execution Date and prior to the Closing, a material part of the Assets suffers a Casualty Loss or if a material part of the Assets is taken in condemnation or under the right of eminent domain or if proceedings for such purposes are pending or threatened, Seller shall promptly give Buyer written notice of such occurrence, including reasonable particulars with respect thereto, and this Agreement shall remain in full force and effect notwithstanding any such Casualty Loss.

(b) With regard to a Casualty Loss or condemnation occurring after the Execution Date, without Buyer's prior consent (which shall not be unreasonably withheld, conditioned or delayed), no insurance or condemnation proceeds shall be committed or applied by Seller to repair, restore or replace a lost, damaged, destroyed or taken portion of the Assets if the cost to repair, restore or replace a lost, damaged, destroyed or taken portion of the Assets is projected to exceed One Million Dollars (\$1,000,000). To the extent such proceeds are not committed or applied by Seller prior to the Closing Date in accordance with this Section 8.7(b), Seller shall at the Closing pay to Buyer all sums paid to Seller by reason of such loss, damage, destruction or taking, less any reasonable costs and expenses incurred by Seller in collecting such proceeds. In addition and to the extent such proceeds have not been committed or applied by Seller in accordance with this Section 8.7(b), in such repair, restoration or replacement, Seller shall transfer to Buyer, at the Closing, without recourse against Seller, all of the right, title and interest of Seller in and to any unpaid insurance or condemnation proceeds arising out of such loss, damage, destruction or taking, less any reasonable costs and expenses incurred by Seller in collecting such proceeds. Any such funds that have been committed by Seller for repair, restoration or replacement as aforesaid shall be paid by Seller for such purposes or, at Seller's option, delivered to Buyer upon Seller's receipt from Buyer of adequate assurance and indemnity that Seller shall incur no liability or expense as a result of such commitment.

(c) Notwithstanding anything to the contrary in this Agreement, (i) at the Closing, the Assets affected by a Casualty Loss or condemnation shall be included in the Closing and Buyer shall pay the full Allocated Value therefor, subject to any applicable adjustments under this Agreement, and (ii) Buyer's recourse with respect to a condemnation or Casualty Loss shall be limited to the proceeds of Seller's applicable insurance coverage actually recovered by Seller in respect thereof or other sums paid to Seller by third parties (or an assignment of claims related thereto), which proceeds or other sums shall be payable to Buyer only upon or after the Closing of the transaction contemplated hereby. Seller shall have no other liability or responsibility to Buyer with respect to a condemnation or Casualty Loss, **EVEN IF SUCH CASUALTY LOSS SHALL HAVE RESULTED FROM OR SHALL HAVE ARISEN OUT OF THE SOLE OR CONCURRENT NEGLIGENCE, FAULT, VIOLATION OF A LEGAL REQUIREMENT, OR WILLFUL MISCONDUCT OF SELLER OR ANY MEMBER OF SELLER GROUP.**

8.8 Successor Operator.

With respect to the Leases (or portions thereof) that are operated by Seller as of the Effective Time, (a) Buyer agrees that Seller will continue to operate such Assets until the DOI has approved Buyer as the operator thereof (except to the extent applicable Law requires otherwise), whereupon operations will be turned over to Buyer as the successor operator, (b) for all such periods after the Closing until operations are turned over to Buyer, Seller shall be entitled to be paid by Buyer on the same basis as the Operator under the Joint Operating Agreement governing

such Assets is entitled to be paid from the non-operators thereunder; and (c) Seller will cooperate with Buyer in Buyer's attempt to become successor operator with respect to all such Assets.

8.9 Accounting Adjustments for Revenues and Expenses.

(a) The Base Purchase Price shall be increased by the following (without duplication): (i) an amount equal to the value of all merchantable allowable oil or other liquid Hydrocarbons in storage owned by Seller above a custody transfer point on the Effective Time that is credited to the Assets, such value to be the current market price or the price paid, less Taxes and gravity adjustments deducted by the purchaser of such oil or other liquid Hydrocarbons; (ii) the aggregate amount of all expenditures paid in connection with the ownership, operation and maintenance of the Properties (including rentals, overhead, royalties, Lease option and extension payments, Taxes and other charges and expenses billed under applicable operating agreements or governmental statute(s)) which are paid by or on behalf of Seller, are not subject to reimbursement to Seller pursuant to a joint interest billing and are attributable to the period on or after the Effective Time (including any pre-paid charges); (iii) the aggregate amount of all Known Receivables; (iv) all cash call pre-payment amounts, royalty overpayment amounts and/or future deductions as royalty offsets associated with the Assets as of the Effective Time; and (v) any other amount agreed upon in writing by Buyer and Seller;

(b) The Base Purchase Price shall be decreased by the following (without duplication): (i) the amount of any proceeds received by Seller from the sale of Hydrocarbons, produced from and after the Effective Time, from the Properties (net of royalties and other burdens on Buyer's share of the proceeds from the production of Hydrocarbons not otherwise accounted for hereunder) actually received by Seller; (ii) the amount of the Suspense Funds; (iii) the aggregate amount of all expenditures paid (if any) in connection with the ownership, operation and maintenance of the Properties (including rentals, overhead, royalties, Lease option and extension payments, Taxes and other charges and expenses billed under applicable operating agreements or governmental statute(s)) which are paid by or on behalf of Buyer, are not subject to reimbursement to Buyer pursuant to a joint interest billing and are attributable to the period prior to the Effective Time; and (iv) any other amount agreed upon in writing by Buyer and Seller, including any amount set forth on Schedule 8.9(b); and

(c) The Base Purchase Price will be adjusted upward or downward, as applicable, by (i) the net Mcf and barrel of oil amount of the aggregate Imbalances attributable to Seller's Net Revenue Interest in the Wells as of the Effective Time multiplied by the market price at the location of the Wells per Mcf of gas and per barrel of oil for such Well as of the Effective Time (upward for underage and downward for overage); and (ii) the MMBtu amount of any pipeline Imbalances or unsatisfied throughput obligations attributable to Seller or the Assets for Seller's ownership prior to the Effective Time multiplied by the actual settlement price per MMBtu (upward for over deliveries and downward for under deliveries).

8.10 Initial Adjustment at Closing.

At least five (5) Business Days before the Closing Date, Seller shall provide to Buyer a statement showing its computations, calculated in good faith, of the amount of the adjustments provided for in Section 3.1 above. Buyer and Seller shall attempt to agree upon such adjustments prior to Closing; *provided* that if agreement is not reached, Seller's computation shall be used at Closing, subject to further adjustment under Section 8.11 below. If the amount of adjustments so determined which would result in a credit to Buyer exceeding the amount of

adjustments so determined which would result in a credit to Seller, Buyer shall receive a Base Purchase Price reduction at Closing for the amount of such excess, and if the converse is true, then the amount to be paid by Buyer to Seller at Closing shall be increased by the amount of such excess.

8.11 Adjustment Post Closing.

On or before sixty (60) days after Closing, Buyer and Seller shall review any information which may then be available pertaining to the adjustments provided for in Section 3.1, shall determine if any additional adjustments should be made beyond those made at Closing (whether the same be made to account for expenses or revenues not considered in making the adjustments made at Closing, or to correct errors made in the adjustments made at Closing, including errors in the amount of Known Receivables), and shall make any such adjustments by appropriate payments from Seller to Buyer or from Buyer to Seller. If the Parties fail to agree on final adjustments within such sixty (60) day period, either Party may, within thirty (30) days after the end of such period, submit the disputed items to a nationally-recognized, independent accounting firm mutually agreed upon by the Parties in writing (the "Accounting Referee"); *provided, however*, that the Accounting Referee shall not have performed any material work for any Party or their respective Affiliates within three (3) years of the date hereof. The other Party shall have ten (10) Business Days following such submission to submit to the Accounting Referee its view of the dispute. If the Parties are unable to agree upon the designation of a Person or entity as substitute Accounting Referee, then Seller or Buyer, or either of them, may in writing request the Bankruptcy Court to appoint a substitute Accounting Referee; *provided* that such Person or entity so appointed shall be a national or regional accounting firm with no prior material relationships with Seller or Buyer or their respective Affiliates and shall have experience in auditing companies engaged in oil and gas exploration and development activities. The disputing Party shall have ten (10) Business Days following the Bankruptcy Court's appointment of a substitute Accounting Referee to submit its statement of the dispute, and the other Party shall have ten (10) Business Days following such submission to submit to the Accounting Referee its view of the dispute. Any unresolved matters described in this Section 8.11 that are not submitted to the Accounting Referee (or request made to the Bankruptcy Court for appointment of a substitute Accounting Referee) within such thirty (30) day period shall be deemed waived by the Parties, which waiver shall be final and binding on the Parties and the subject matter thereof shall not be subject to further review or audit. The Parties shall direct the Accounting Referee to resolve the disputes within thirty (30) days after submission of the matters in dispute. The Accounting Referee shall act as an expert for the limited purpose of determining the specific disputed matters submitted by either Party and may not award damages or penalties to either Party with respect to any matter. Seller and Buyer shall share equally the Accounting Referee's costs, fees and expenses (including attorneys' fees). The final settlement statement, whether as agreed between the Parties or as determined by a decision of the Accounting Referee (the "Final Settlement Statement"), shall be binding on, and non-appealable by, the Parties and not subject to further review or audit. Payment by Buyer or Seller, as applicable, for any outstanding amounts on the Final Settlement Statement shall be made within five (5) Business Days after the date on which all disputes in respect of the Final Settlement Statement are finally resolved (whether by agreement of the Parties or pursuant to the Accounting Referee's decision). During the period between Closing and the point in time when the Final Settlement Statement has been agreed to by the Parties, or determined by a decision of the Accounting Referee, each Party shall, on a monthly basis, (i) pay over to the other Party any revenue received by it (net of related expenses) with respect to the Assets which is owed to the other Party as set forth in Section 8.9 above, and (ii) deliver any cash, checks with appropriate

endorsements (using their best efforts not to convert such checks into cash) or other property that it may receive on or after the Closing which properly belongs to the other Party, and such payments and deliveries shall be considered in determining the Final Settlement Statement. Notwithstanding the foregoing, as of the date that the Final Settlement Statement is agreed to by the Parties, or determined by a decision of the Accounting Referee, the Final Settlement Statement shall be final and binding on the Parties and not subject to further review or audit, and neither Party shall have any further rights or obligations regarding payment of money or delivery of property pursuant to the preceding sentence.

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions:

9.1 Accuracy of Representations.

The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (*provided* that representations and warranties which are confined to a specified date shall speak only as of such date); *provided, however*, that in the event of a breach of or inaccuracy in the representations and warranties of Seller set forth in this Agreement, the condition set forth in this Section 9.1 shall be deemed satisfied unless the effect of all such breaches of or inaccuracies in such representations and warranties taken together results in a Material Adverse Effect. Unless otherwise waived by Buyer, Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof. If Buyer determines that there has been a breach or inaccuracy of any of Seller's representations and warranties, it shall provide Seller with notice of such breach or inaccuracy as promptly as reasonably practicable after the determination thereof, but in no event later than five (5) Business Days before the Closing Date (with respect to breaches that Buyer has notice of earlier than five (5) Business Days before the Closing Date), so that Seller may attempt to cure such breach or inaccuracy on or before the Closing Date.

9.2 Seller's Performance.

Each covenant and agreement that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect or similar expressions shall have been duly performed and complied with in all respects), and Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof.

9.3 No Order.

No Governmental Authority shall have enacted, issued, promulgated or entered any Order or other Legal Requirement which is in effect and has the effect of making illegal or otherwise prohibiting the consummation of the transaction contemplated by this Agreement or could cause any of such transactions to be rescinded following the Closing.

9.4 Seller's Deliveries.

Each of the deliveries required to be made to Buyer pursuant to Section 4.4 shall have been so delivered.

9.5 Sale Order.

The Bankruptcy Court shall have entered the Sale Order and the Sale Order shall be in full force and effect and shall not be subject to a stay pending appeal.

ARTICLE 10

CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO CLOSE

Seller's obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions:

10.1 Accuracy of Representations.

The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties which are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (*provided* that representations and warranties which are confined to a specified date shall speak only as of such date), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

10.2 Sale Order in Effect.

The Bankruptcy Court shall have entered the Sale Order and the Sale Order shall be in full force and effect and shall not be subject to a stay pending appeal.

10.3 Buyer's Performance.

The covenants and agreements that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or similar expressions shall have been duly performed and complied with in all respects), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

10.4 No Order.

No Governmental Authority shall have enacted, issued, promulgated or entered any Order or other Legal Requirement which is in effect and which has the effect of making illegal or otherwise prohibiting the consummation of the transaction contemplated by this Agreement or could cause any of such transactions to be rescinded following the Closing.

10.5 Buyer's Deliveries.

Each of the deliveries required to be made to Seller pursuant to Section 4.3 shall have been so delivered.

ARTICLE 11

TERMINATION

11.1 Termination Events.

Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time prior to the Closing:

(a) by either Seller or Buyer:

(i) if a Governmental Authority issues a final, non-appealable ruling or Order prohibiting the transactions contemplated hereby where such ruling or Order was not requested, encouraged or supported by Seller or Buyer;

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

(iii) if the Closing has not occurred by the close of business on April 6, 2018 (the “Outside Date”); *provided, however*, that (1) Buyer shall be permitted to terminate this Agreement pursuant to this Section 11.1(a)(iii) only if (x) Buyer is not itself in material breach of any of its representations, warranties, covenants or agreements contained herein and (y) Buyer has provided written notice to Seller of its intention to exercise its rights under this Section 11.1(a)(iii) and Seller has not provided written notice to Buyer that it is ready, willing and able to close the transactions contemplated by this Agreement on or before the date that is five (5) Business Days after the date of such notice from Buyer, and (2) Seller shall be permitted to terminate this Agreement pursuant to this Section 11.1(a)(iii) only if (x) Seller is not itself in material breach of any of its representations, warranties, covenants or agreements contained herein and (y) Seller has provided written notice to Buyer of its intention to exercise its rights under this Section 11.1(a)(iii) and Buyer has not provided written notice to Seller that it is ready, willing and able to close the transactions contemplated by this Agreement on or before the date that is five (5) Business Days after the date of such notice from Seller;

(iv) if the Bankruptcy Court enters an Order dismissing, or converting into cases under chapter 7 of the Bankruptcy Code, any of the cases commenced by Seller under chapter 11 of the Bankruptcy Code and comprising part of the Bankruptcy Case, where such Order was not requested, encouraged or supported by Seller; or

(b) by Buyer:

(i) in the event of any breach by Seller of any of Seller’s agreements, covenants, representations or warranties contained herein (*provided* such breach would result in the failure of a condition set forth in Section 9.1 or Section 9.2 to be satisfied) or (if such breach is material) in the Bidding Procedures Order or Sale Order, and the failure of Seller to cure such breach within ten (10) days after receipt of the Buyer Termination Notice; *provided, however*, that (A) Buyer is not itself in material breach of any of its representations, warranties, covenants or agreements contained herein or in the Bidding Procedures Order or the Sale Order, (B) Buyer notifies Seller in writing (the “Buyer Termination Notice”) of its intention to exercise its rights under this Section 11.1(b)(i) as a result of the breach, and (C) Buyer specifies in the Buyer Termination Notice the representation, warranty, covenant or agreement contained herein or in the Bidding Procedures Order or Sale Order of which Seller is allegedly in breach and a description of the specific factual circumstances to support the allegation; or

(ii) if Buyer is not the Successful Bidder or the Backup Bidder at the Auction; *provided* that Buyer shall not be permitted to terminate this Agreement pursuant to this Section 11.1(b)(ii) until after the twenty-fifth (25th) day following entry by the Bankruptcy Court of an Order authorizing and approving a competing transaction with the Successful Bidder at the Auction (and, notwithstanding Buyer's not having been the Successful Bidder or the Backup Bidder at the Auction, until such time (if any) as Buyer terminates this Agreement pursuant to this Section 11.1(b)(ii), the obligations of Buyer to consummate the transactions contemplated by this Agreement shall remain unaffected by Buyer's right to terminate this Agreement pursuant to this Section 11.1(b)(ii)).

(c) by Seller:

(i) in the event of any breach by Buyer of any of Buyer's agreements, covenants, representations or warranties contained herein (*provided* such breach would result in the failure of a condition set forth in Section 10.1 or Section 10.3 to be satisfied) or (if such breach is material) in the Bidding Procedures Order or Sale Order, and the failure of Buyer to cure such breach within ten (10) days after receipt of the Seller Termination Notice; *provided, however*, that Seller (A) is not itself in material breach of any of its representations, warranties, covenants or agreements contained herein or in the Bidding Procedures Order or the Sale Order, (B) notifies Buyer in writing (the "Seller Termination Notice") of its intention to exercise its rights under this Section 11.1(c)(i) as a result of the breach, and (C) specifies in the Seller Termination Notice the representation, warranty, covenant or agreement contained herein or in the Bidding Procedures Order or Sale Order of which Buyer is allegedly in breach and a description of the specific factual circumstances to support the allegation;

(ii) in the event Seller enters into a definitive agreement regarding a Superior Proposal; *provided* that the board of directors of Seller determines in good faith after consultation with its outside financial advisors and outside legal counsel, and based on the advice of such counsel, that proceeding with the Transactions would be inconsistent with its applicable fiduciary duties; or

(iii) if Buyer is not the Successful Bidder or the Backup Bidder at the Auction;

11.2 Effect of Termination.

In the event of termination of this Agreement by Buyer or Seller pursuant to this Article 11, all rights and obligations of the Parties under this Agreement shall terminate without any Liability of any Party to any other Party; *provided, however*, that nothing herein shall relieve any Party from liability for breach of this Agreement prior to such termination. The provisions of this Section 11.2 and Section 3.2 (and, to the extent applicable to the interpretation or enforcement of such provision, Article 1 and Article 13), shall expressly survive the termination of this Agreement.

ARTICLE 12

SURVIVAL AND INDEMNIFICATION

12.1 No Survival of Seller's Representations and Warranties.

The representations and warranties of Seller contained herein and in any certificate or other Transaction Document delivered by Seller pursuant to this Agreement shall terminate

upon and not survive the Closing and there shall be no liability thereafter in respect thereof. Each of Seller's covenants and other agreements contained in this Agreement shall terminate upon the Closing, except the covenants and agreements of Seller in Sections 2.6, 2.7, 7.2(a) and (b), and 8.11 (each a "Post-Closing Covenant"), which shall survive the Closing until the earlier of (a) performance of such Post-Closing Covenant in accordance with this Agreement or, (b)(i) if time for performance of such Post-Closing Covenant is specified in this Agreement, sixty (60) days following the expiration of the time period for such performance or (ii) if time for performance of such Post-Closing Covenant is not specified in this Agreement, the expiration of the applicable statute of limitations with respect to any claim for any failure to perform such Post-Closing Covenant; *provided* that if a written notice of any claim with respect to any Post-Closing Covenant is given prior to the expiration thereof then such Post-Closing Covenant shall survive until, but only for purposes of, the resolution of such claim by final, non-appealable judgment or settlement.

12.2 Survival of Buyer's Representations and Warranties.

The representations and warranties of Buyer contained in Article 6 of this Agreement shall survive the Closing through and including the date that is twelve (12) months after the Closing Date (the "Expiration Date"); *provided, however*, that any obligations to indemnify and hold harmless shall not terminate with respect to any Liabilities as to which a Seller Indemnified Party shall have given notice to Buyer in accordance with Section 12.4(a) on or before the Expiration Date.

12.3 Indemnification by Buyer.

(a) Subject to Section 12.2, Buyer hereby agrees to indemnify and hold Seller and each member of the Seller Group (collectively, the "Seller Indemnified Parties") harmless from and against:

(i) any and all Liabilities based upon, attributable to or resulting from the breach of any representation or warranty of Buyer set forth in Article 6 hereof, or any representation or warranty contained in any certificate delivered by or on behalf of Buyer pursuant to this Agreement;

(ii) any and all Liabilities based upon, attributable to or resulting from the breach of any covenant or other agreement on the part of Buyer under this Agreement; and

(iii) all Assumed Liabilities.

(b) Notwithstanding anything contained herein to the contrary, any Seller Indemnified Party making an Indemnification Claim under Section 12.3 must give notice to the indemnifying Party of any such Indemnification Claim in writing on or prior to the Expiration Date.

12.4 Indemnification Procedures.

(a) In the event that any Actions shall be instituted or that any claim or demand shall be asserted by any Seller Indemnified Party in respect of which payment may be sought under Section 12.3 (an "Indemnification Claim"), the Seller Indemnified Party shall reasonably and promptly cause written notice of the assertion of any Indemnification Claim of which it has knowledge which is covered by this indemnity to be forwarded to the indemnifying Party; *provided* that a Seller Indemnified Party need not wait until an Action has been instituted

or demand has been asserted before delivering written notice of an Indemnified Claim to the indemnifying Party. The indemnifying Party shall have the right, at its sole option and expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the Seller Indemnified Party, and to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Liabilities indemnified against hereunder. If the indemnifying Party elects to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Liabilities indemnified against hereunder, it shall within thirty (30) days (or sooner, if the nature of the Indemnification Claim so requires) notify the Seller Indemnified Party of its intent to do so. If the indemnifying Party elects not to defend against, negotiate, settle or otherwise deal with any Indemnification Claim which relates to any Liabilities indemnified against hereunder, the Seller Indemnified Party may defend against, negotiate, settle or otherwise deal with such Indemnification Claim. If the indemnifying Party shall assume the defense of any Indemnification Claim, the Seller Indemnified Party may participate, at his or its own expense, in the defense of such Indemnification Claim; *provided, however,* that such Seller Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the indemnifying Party if (a) so requested by the indemnifying Party to participate or (b) in the reasonable opinion of counsel to the Seller Indemnified Party a conflict or potential conflict exists between the Seller Indemnified Party and the indemnifying Party that would make such separate representation advisable; and *provided, further,* that the indemnifying Party shall not be required to pay for more than one such counsel for all Seller Indemnified Parties in connection with any Indemnification Claim. The Parties agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Indemnification Claim. Notwithstanding anything in this Section 12.4 to the contrary, neither the indemnifying Party nor any Seller Indemnified Party shall, without the written consent of the other, settle or compromise any Indemnification Claim or permit a default or consent to entry of any judgment unless the claimant and such party provide to such other party an unqualified release from all liability in respect of the Indemnification Claim. If the indemnifying Party makes any payment on any Indemnification Claim, the indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies of the Seller Indemnified Party to any insurance benefits or other claims of the Seller Indemnified Party with respect to such Indemnification Claim.

(b) After any final decision, judgment or award shall have been rendered by a Governmental Authority of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the Seller Indemnified Party and the indemnifying Party shall have arrived at a mutually binding agreement with respect to an Indemnification Claim hereunder, the Seller Indemnified Party shall forward to the indemnifying Party notice of any sums due and owing by the indemnifying Party pursuant to this Agreement with respect to such matter.

12.5 Calculation of Liabilities.

The amount of any Liabilities for which indemnification is provided under this Article 12 shall be net of any amounts actually recovered by the Seller Indemnified Party under insurance policies with respect to such Liabilities (net of any Tax or expenses incurred in connection with such recovery).

12.6 Tax Treatments of Indemnity Payments.

The Parties agree to treat any indemnity payment made pursuant to this Article 12 as an adjustment to the Base Purchase Price for federal, state, local and foreign income tax purposes. Any indemnity payment under this Article 12 shall be treated as an adjustment to the value of the Asset upon which the underlying Indemnification Claim was based, unless a final determination (which shall include the execution of a Form 870-AD or successor form) with respect to the Seller Indemnified Party causes any such payment not to be treated as an adjustment to the value of the asset for United States federal income tax purposes.

ARTICLE 13

GENERAL PROVISIONS

13.1 Confidentiality.

Notwithstanding anything in the Non-Disclosure Agreement to the contrary, the Parties agree that the non-disclosure agreement entered into by them and their Affiliates, dated August 24, 2017 (the "Non-Disclosure Agreement"), shall continue in full force and effect notwithstanding the execution and delivery by the Parties of this Agreement; *provided, however*, that (a) disclosure of matters that become a matter of public record as a result of the Bankruptcy Case and the filings related thereto shall not constitute a breach of such Non-Disclosure Agreement, and (b) disclosures permitted under this Agreement shall not constitute a breach of such Non-Disclosure Agreement.

13.2 Public Announcements.

Buyer, on the one hand, and Seller, on the other hand, shall consult with each other before issuing any press release or otherwise making any public statement with respect to this Agreement, the transaction contemplated hereby or the activities and operations of the other Party, and shall not issue any such release or make any such statement without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, prior to or after the Closing, if Buyer (including any of its parent entities), on the one hand, or Seller (including any of its parent entities), on the other is required to make any statement, declaration or public announcement regarding this Agreement or the transaction contemplated hereunder pursuant to (a) any Legal Requirement, (b) applicable rules or regulations of any national securities exchange, or (c) the terms of such Party's (including such Party's respective parent entities) indentures, loan agreements, credit agreements or other similar debt agreements or financial instruments, then the same may be made without the approval of the other Party, but, in the case of disclosures made by Buyer, only to the extent the name of Seller is omitted from such statement, declaration or announcement if permitted by the applicable Legal Requirements.

13.3 Notices.

All notices, consents, waivers and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by email (with read receipt requested, with the receiving Party being obligated to respond affirmatively to any read receipt requests delivered by the other Party), (c) received by the addressee, if sent by a delivery service (prepaid, receipt requested) or (d) received by the addressee, if sent by registered or certified mail (postage prepaid, return receipt requested), in each case to the appropriate addresses and representatives (if applicable) set forth

below (or to such other addresses and representatives as a Party may designate by notice to the other Parties):

(i) If to Seller, then to:

Cobalt International Energy, L.P.
Cobalt Center
920 Memorial City Way
Suite 100
Fax: 713-579-9104
Attention: Rich Smith
Email: Rich.Smith@cobaltintl.com

with copies (which shall not constitute notice) to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attn: Chad Husnick, P.C.; Brad Weiland
Phone: (312) 862-7182
E-mail: brad.weiland@kirkland.com

Kirkland & Ellis LLP
609 Main Street, 45th Floor
Houston, Texas 77002
Attn: Anthony Speier, P.C.; Rahul Vashi
Phone: (713) 836-3639
E-mail: rahul.vashi@kirkland.com

(ii) If to Buyer:

W&T Offshore, Inc.
9 Greenway Plaza, Suite 300
Houston, TX 77046
Attn: Stephen L. Schroeder
E-mail: sschro@wtoffshore.com

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

W&T Offshore, Inc.
9 Greenway Plaza, Suite 300
Houston, TX 77046
Attn: Shahid Ghauri, General Counsel
E-mail: sghauri@wtoffshore.com

13.4 Waiver; Waiver of Damages.

No waiver of any of the provisions of this Agreement or rights hereunder shall operate as a waiver unless it is in writing and signed by the Party against whom enforcement of

such waiver is sought. Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (b) no notice to or demand on one Party shall be deemed to be a waiver of any right of the Party giving such notice or demand to take further action without notice or demand. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, INDIRECT, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF, ASSOCIATED WITH, OR RELATING TO THIS AGREEMENT (INCLUDING LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER THE SAME MAY BE CAUSED) AND THE PARTIES HEREBY WAIVE ALL CLAIMS FOR ANY SUCH DAMAGES, EXCEPT TO THE EXTENT ANY SELLER INDEMNIFIED PARTY SUFFERS SUCH DAMAGES TO AN UNAFFILIATED THIRD PARTY IN CONNECTION WITH A FINALLY ADJUDICATED THIRD PARTY CLAIM, IN WHICH CASE SUCH DAMAGES SHALL BE RECOVERABLE (TO THE EXTENT RECOVERABLE UNDER ARTICLE 12) WITHOUT GIVING EFFECT TO THIS SECTION 13.4.

13.5 Entire Agreement; Amendment.

This Agreement (including the Schedules and the Exhibits) and the other Transaction Documents supersede all prior agreements between Buyer, on the one hand, and Seller, on the other hand, with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreements between Buyer, on the one hand, and Seller, on the other hand, with respect to their subject matter. This Agreement may not be amended except by a written agreement executed by all of the Parties.

13.6 Assignment.

This Agreement, and the rights, interests and obligations hereunder, shall not be assigned by any Party by operation of law or otherwise without the express written consent of the other Parties (which consent may be granted or withheld in the sole discretion of such other Party).

13.7 Severability.

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

13.8 Expenses.

The Parties shall bear their own respective expenses (including all compensation and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the transactions contemplated hereby.

13.9 Time of the Essence.

Time shall be of the essence with respect to all time periods and notice periods set forth in this Agreement.

13.10 Governing Law; Consent to Jurisdiction and Venue; Jury Trial Waiver.

(a) **Except to the extent the mandatory provisions of the Bankruptcy Code apply, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas applicable to contracts made and to be performed entirely in such state without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the State of Texas applicable hereto.**

(b) Without limitation of any Party's right to appeal any Order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby and (ii) any and all claims relating to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding; *provided, however*, (1) that the Parties have agreed to submit disagreements as to final adjustments to an Accounting Referee as set forth in Section 8.11 above, and (2) that, if the Bankruptcy Case is closed, all Actions and Proceedings arising out of or relating to this Agreement shall be heard and determined in a Texas state court or a federal court sitting in the state of Texas, and the Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such Action or Proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding. The Parties consent to service of process by mail (in accordance with Section 13.3) or any other manner permitted by law.

(c) THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF SELLER, BUYER OR THEIR RESPECTIVE REPRESENTATIVES IN THE NEGOTIATION OR PERFORMANCE HEREOF.

13.11 Counterparts.

This Agreement and any amendment hereto may be executed in two (2) or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Notwithstanding anything to the contrary in Section 13.3, delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by telecopier or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

13.12 Parties in Interest; No Third Party Beneficiaries.

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein, express or implied, is intended to or shall

confer upon any other Person any legal or equitable benefit, claim, cause of action, remedy or right of any kind.

13.13 No Recourse.

Notwithstanding anything that may be expressed or implied in this Agreement or any Transaction Document, and notwithstanding the fact that any Party may be a partnership or limited liability company, each Party, by its acceptance of the benefits of this Agreement, covenants, agrees and acknowledges that no Persons other than the Parties shall have any obligation hereunder and that it has no rights of recovery hereunder against, and no recourse hereunder or under any Transaction Documents or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future Affiliate, incorporator, controlling Person, fiduciary, Representative, co-owner or equity holder of any Party (or any of their successors or permitted assignees) (each, a “Party Affiliate”), whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such Person against the Party Affiliates, by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable Legal Requirement, or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Party Affiliate, as such, for any obligations of the applicable Person under this Agreement or the transaction contemplated hereby, under any documents or instruments delivered contemporaneously herewith, in respect of any oral representations made or alleged to be made in connection herewith or therewith, or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, such obligations or their creation.

13.14 Specific Performance.

The Parties acknowledge that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Buyer further agrees that, in addition to any other remedy that Seller may have under law or equity, without posting bond or other undertaking, Seller hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement. In the event that any such action is brought in equity to enforce the provisions of this Agreement, no Party will allege, and each Party hereby waives the defense or counterclaim, that there is an adequate remedy at law. The Parties further agree that (i) by seeking any remedy provided for in this Section 13.14, a Party shall not in any respect waive its right to seek any other form of relief that may be available to such Party under this Agreement and (ii) nothing contained in this Section 13.14 shall require any Party to institute any action for (or limit such party’s right to institute any action for) specific performance under this Section 13.14 before exercising any other right under this Agreement.

13.15 Liquidating Trustee.

If at any time Seller liquidates or otherwise has a trustee or other representative appointed by the Bankruptcy Court, then such trustee or other representative shall be entitled to exercise the rights of Seller under this Agreement.

13.16 Approval of the Bankruptcy Court.

Notwithstanding anything herein to the contrary, any and all obligations under this Agreement are subject to the entry of the Sale Order.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the day and year first above written.

Cobalt GOM #1 LLC

By: David Powell
Name: David D. Powell
Title: Chief Financial Officer

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the day and year first above written.

Cobalt GOM #1, LLC

By: _____
Name: _____
Title: _____

W&T Offshore, Inc.

By: 
Name: Tracy W. Krohn
Title: Chairman, Chief Executive Officer and President

Shs *MR*
Shs

Exhibit A: Assigned Leases and Interests

#	Area	Block	Original Grantor	Original Grantee	Lessor / Lease No.	Cobalt Lease No.	Lease Date	Lease Expiration	Prospect Name	Asset	Working Interest	Gross Acres	Depths
1	Green Canyon	859	United States of America	Exxon Mobil Corporation	OCS-G 24194	GL-061-02	7/1/02	6/30/13	Heidelberg	Heidelberg Unit	9.375%	5,760	All Depths
2	Green Canyon	903	United States of America	Exxon Mobil Corporation	OCS-G 24197	GL-061-04	7/1/02	6/30/13	Heidelberg	Heidelberg Unit	9.375%	5,760	All Depths
3	Green Canyon	904	United States of America	Anadarko Petroleum Corporation	OCS-G 26346	GL-061-05	7/1/04	6/30/15	Heidelberg	Heidelberg Unit	9.375%	5,760	All Depths

* indicates lease expiration date prior to 4/6/2018

Exhibit B: Wells**1) Heidelberg**

API Well Number	Well Name	Well Name Suffix	Bottom Lease Number	Bottom Area	Bottom Block	Operator	Spud Date	Status Code
608114052300	SS001	ST00BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	11/7/2008	Temporarily Abandoned
608114062400	SS002	ST00BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	7/4/2014	Completed
608114063800	SS003	ST00BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	10/17/2014	Completed
608114064300	004	ST00BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	3/10/2015	Sidetracked
608114064301	004	ST01BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	6/22/2015	Permanently Abandoned
608114066900	005	ST00BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	7/10/2016	Sidetracked
608114066901	005	ST01BP00	G24194	Green Canyon	859	Anadarko Petroleum Corporation	10/1/2016	Sidetracked
608114066902	005	ST01BP01	G24194	Green Canyon	859	Anadarko Petroleum Corporation	12/4/2016	Sidetracked
608114066903	SS005	ST01BP02	G24194	Green Canyon	859	Anadarko Petroleum Corporation	12/28/2016	Completed
608114055800	001	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	2/17/2010	Permanently Abandoned
608114055801	001	ST00BP01	G24197	Green Canyon	903	Anadarko Petroleum Corporation	N/A	Canceled
608114058200	002	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	10/27/2011	Permanently Abandoned
608114058400	SS003	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	11/26/2011	Sidetracked
608114058401	SS003	ST00BP01	G24197	Green Canyon	903	Anadarko Petroleum Corporation	2/22/2012	Sidetracked
608114058402	SS003	ST01BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	3/15/2012	Temporarily Abandoned
608114062800	004	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	7/13/2014	Permanently Abandoned

608114063400	005	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	7/23/2014	Sidetracked
608114063401	005	ST01BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	9/28/2014	Temporarily Abandoned
608114064000	SS006	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	12/11/2014	Completed
608114066700	SS007	ST00BP00	G24197	Green Canyon	903	Anadarko Petroleum Corporation	5/15/2016	Completed

Exhibit C

Attached to and made a part of that certain Assignment and Bill of Sale by and among Cobalt GOM #1, LLC as Seller, and W&T Offshore, Inc., as Buyer

Assigned Contracts

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1086230	1074	LAND-1086230-GL-061-A	Heidelberg-OOA	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1078	LAND-1086230-GL-061-A	HEIDELBERG-UNIT AGREEMENT 5-1-11	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1076	LAND-1086230-GL-061-A	HEIDELBERG-UNITIZATION LETTER AGREEMENTA-12192012094005	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1081	LAND-1086230-GL-061-A	HEIDELBERG-UOA EX A and SIGNATURE PAGES-02072014161152	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1083	LAND-1086230-GL-061-A	Amend Heidelberg Unit Operating Agmt-Cobalt GOM #1	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1086230	1075	LAND-1086230-GL-061-A	HEIDELBERG-JOA AMENDMENT 5-1-11f	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1077	LAND-1086230-GL-061-A	Heidelberg-UOA - Amendment-5-1-2013	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1080	LAND-1086230-GL-061-A	HEIDELBERG-UOA AMENDMENT 11-19-12-02072014161001	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Anadarko Petroleum Corporation	10/15/1998	Heidelberg
1086230	1082	LAND-1086230-GL-061-A	HEIDELBERG-PROJECT TEAM LA 8-23-12-02072014160700	Joint Operating Agreement (JOA)	Cobalt GOM #1 LLC	Exxon Mobile Corporation	10/15/1998	Heidelberg
1086359	1084	LAND-1086359-GL-061-B	Heidelberg-PartAgrmt-XOM	Participation Agreement	Cobalt International Energy, L.P.	ExxonMobil Corporation	5/2/2008	Heidelberg
1086400	1085	LAND-1086400-GL-061-C	HEIDELBERG-WELL DATA SHARING AGREEMENT 5-3-11	Well Data Sharing Agreement	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/3/2011	Heidelberg
1086456	1086	LAND-1086456-GL-061-D	HEIDELBERG-UNIT AGREEMENT 5-1-11	Unit Agreement- Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1086456	1091	LAND-1086456-GL-061-D	Heidelberg Unit - Memo Unit JOA - Terrebonne Parish	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg
1086456	1093	LAND-1086456-GL-061-D	Amend Heidelberg Unit Agreement-Cobalt GOM #1	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg
1086456	1087	LAND-1086456-GL-061-D	HEIDELBERG-UAO AMENDMENT 10-1-11	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg
1086456	1089	LAND-1086456-GL-061-D	HEIDELBERG-UAO AMENDMENT 8-23-12 IPT OH	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg
1086456	1090	LAND-1086456-GL-061-D	Heidelberg-Unit Agmt - Amendment-5-1-2013	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg
1086456	1092	LAND-1086456-GL-061-D	Heidelberg Unit - UCC1 - Terrebonne Parish	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/1/2011	Heidelberg
1086456	1088	LAND-1086456-GL-061-D	HEIDELBERG-UAO AMENDMENT 11-19-12	Unit Agreement-Heidelberg-Green Canyon Block 859 Unit	Cobalt International Energy, L.P.	Anadarko US Offshore Corporation	5/1/2011	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1086515	1094	LAND-1086515-GL-061-E	HEIDELBERG-UNITIZATION AND LEASE ACQ. 5-17-11-12192012142005	Letter Agreement re: Proposed Unitization & Leasehold Offering	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	4/26/2011	Heidelberg
1093599	6198	TREAS-1093599	SERVICE AGREEMENT APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER FT-2 RATE SCHEDULE	Contractor Agreement	Cobalt International Energy, L.P.	Discovery Gas Transmission LLC	2/27/2013	Heidelberg
1093616	6199	TREAS-1093616	LIQUIDS TRANSPORTATION AGREEMENT (HEIDELBERG FIELD)	Contractor Agreement	Cobalt International Energy, L.P.	Discovery Gas Transmission LLC	1/4/2013	Heidelberg
1093639	6200	TREAS-1093639	LIQUIDS SEPARATION, HANDLING, STABILIZATION AND REDELIVERY AGREEMENT (HEIDELBERG FIELD)	Contractor Agreement	Cobalt International Energy, L.P.	Discovery Producer Services LLC	1/4/2013	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1093682	6201	TREAS-1093682	GAS PROCESSING AND FRACTIONATION AGREEMENT	Contractor Agreement	Cobalt International Energy, L.P.	Discovery Producer Services LLC	1/4/2013	Heidelberg
1093729	6202	TREAS-1093729	GAS DEDICATION AND GATHERING AGREEMENT (HEIDELBERG FIELD)	Contractor Agreement	Cobalt International Energy, L.P.	Discovery Producer Services LLC	1/4/2013	Heidelberg
1161574	1284	LAND-1161574-GL-061-F	Heidelberg Assignment and Conveyance-Cobalt GOM #1	Assignment & Conveyance	Cobalt International Energy, L.P.	Cobalt GOM #1	1/1/2015	Heidelberg
1195542	6230	TREAS-1195542-Heidelberg Oil Marketing	2015_12_21_Fully Executed CIE APC HB Oil Purchase	Purchase Agreement	Cobalt GOM #1 LLC	Anadarko US Offshore Corporation	1/1/2016	Heidelberg
1240090	N/A	OPS-1240090	310268 Cobalt OTA AMD #1 01-15-2016 executed	Heidelberg Oil Pipeline Oil Transportation and Operating Agreement	Cobalt International Energy, L.P.	Enbridge Offshore Facilities, LLC	5/28/2013	Heidelberg
1240090	N/A	OPS-1240090	310268 Cobalt OTA AMD #2 Heidelberg (Executable) 01-15-2015 partial	Heidelberg Oil Pipeline Oil Transportation and Operating Agreement	Cobalt International Energy, L.P.	Enbridge Offshore Facilities, LLC	5/28/2013	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1240090	N/A	OPS-1240090	Enbridge Guarantee in Favor of CIE LP	Heidelberg Oil Pipeline Oil Transportation and Operating Agreement	Cobalt International Energy, L.P.	Enbridge Inc.	5/28/2013	Heidelberg
1240090	N/A	OPS-1240090	HB OTA and OA between CIE LP and Enbridge	Heidelberg Oil Pipeline Oil Transportation and Operating Agreement	Cobalt International Energy, L.P.	Enbridge Offshore Facilities, LLC	5/28/2013	Heidelberg
1240112	N/A	OPS-1240112	MOPSA between CIE LP and Cameron Highway Oil Pipeline Company	Master Oil Purchase and Sale Agreement	Cobalt International Energy, L.P.	Cameron Highway Oil Pipeline Company	5/28/2013	Heidelberg
1240151	N/A	OPS-1240151	MOPSA between CIE LP and Poseidon Oil Pipeline Company	Master Oil Purchase and Sale Agreement	Cobalt International Energy, L.P.	Poseidon Oil Pipeline Company, L.L.C.	5/28/2013	Heidelberg
1240180	N/A	OPS-1240180	MOA regradin MOPSA between CIE LP and Poseidon Oil Pipeline Company	Memorandum of Agreement	Cobalt International Energy, L.P.	Poseidon Oil Pipeline Company, L.L.C.	5/28/2013	Heidelberg
1240233	N/A	OPS-1240233	OTA between Ceasar Oil Pipeline Company and CIE LP	Oil Transportation Agreement	Cobalt International Energy, L.P.	Caesar Oil Pipeline Company, LLC	5/28/2013	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
1240244	N/A	OPS-1240244	Producer Side Agreement	Heidelberg Producer Side Agreement	Cobalt International Energy, L.P.	Anadarko Petroleum Corporation	5/28/2013	Heidelberg
1064831	430	EXP-1064831-Supplement No. VMS-003 (GC 939, 982, 983, 984 / WR 14-17)	Green Canyon and Walker Ridge Agrmt VMS-003 3-11-10	Amendment / Change Order / Supplement	Cobalt International Energy, L.P.	CGG Veritas Services (U.S.) Inc.	3/3/2010	Heidelberg
1195527	4763	OPS-1195527-A15-340-003 - PI Hoteling and Well Share Services	Fully Executed Agreement OPS-1195527 Industrial Evolution, Inc	Statement of Work (SOW) / Work Order	Cobalt International Energy, L.P.	Industrial Evolution, Inc.	12/8/2015	Heidelberg
1195527	4762	OPS-1195527-A15-340-003 - PI Hoteling and Well Share Services	Invoicing Instructions for OPS-1195527	Statement of Work (SOW) / Work Order	Cobalt International Energy, L.P.	Industrial Evolution, Inc.	12/8/2015	Heidelberg
1195527	4764	OPS-1195527-A15-340-003 - PI Hoteling and Well Share Services	Signed Proposal for OPS-1195527 Industrial Evolution, Inc	Statement of Work (SOW) / Work Order	Cobalt International Energy, L.P.	Industrial Evolution, Inc.	12/8/2015	Heidelberg

<u>Tracking No.</u>	<u>Contract ID</u>	<u>Contract No.</u>	<u>Contract Name</u>	<u>Agreement Type</u>	<u>Contract Party</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Asset</u>
150313	NA	Contract No. 310703	2016_01_05_Enbridge Pipeline CIE Agency to APC_Signed	Agency Agreement	Cobalt GOM #1 LLC	Enbridge Offshore Facilities, LLC	1/1/2016	Heidelberg
150314	NA	Contract No. 310490	310490_Cobalt_AACA_01-01-2015_Executed	Assignment, Assumption, Consent Agreement	Cobalt International Energy, L.P. and Cobalt GOM #1 LLC	Enbridge Offshore Facilities, LLC	1/1/2015	Heidelberg
150315	NA	Contract No. 310268	MOA_between_CIE_LP_and_Enbridge (5.28.13)	Memorandum of Agreement	Cobalt International Energy, L.P.	Enbridge Offshore Facilities, LLC	5/28/2013	Heidelberg
105316	NA	Contract No. 310491	310491_Cobalt GOM #1_Memorandum_01-01-2015_Executed	Memorandum of Agreement	Cobalt GOM #1 LLC	Enbridge Offshore Facilities, LLC	1/1/2015	Heidelberg

EXHIBIT D-1

**Attached to and made a part of that certain Asset Purchase Agreement
by and among Cobalt International Energy L.P. and Cobalt GOM #1, LLC,
collectively, as Seller, and W&T Offshore, Inc., as Buyer**

Form of County Assignment

ASSIGNMENT AND BILL OF SALE

This ASSIGNMENT AND BILL OF SALE (this "Assignment"), effective as of the Effective Time (defined below), is from COBALT INTERNATIONAL ENERGY L.P., a Delaware limited partnership, and COBALT GOM #1, LLC, a Delaware limited liability company (collectively "Assignor"), to W&T Offshore, Inc., a Texas corporation ("Assignee"). Assignor and Assignee are hereinafter referred to as a "Party" and collectively as the "Parties."

WHEREAS, on December 14, 2017, Assignor commenced a voluntary case under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court");

WHEREAS, Assignor and Assignee entered into that certain Asset Purchase Agreement dated February 22, 2018 (the "Purchase Agreement"), pursuant to which Assignor has agreed to assign, transfer and convey and Assignee has agreed to purchase and acquire all of Assignor's right, title, and interest in and to the Conveyed Assets (defined below); and

WHEREAS, on [●], 2018, the Bankruptcy Court entered the Sale Order authorizing the Assignor to sell the Conveyed Assets to Assignee pursuant to the terms and conditions of the Purchase Agreement.

**ARTICLE I
Assignment**

Section 1.1 Effective Time. The conveyance and assignment herein shall be deemed effective as of January 1, 2018 at 12:01 a.m., Central Time (the "Effective Time").

Section 1.2 Assignment. Assignor, for a good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms set forth herein, does by these presents GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, AND DELIVER unto Assignee all of Assignor's rights, title, and interest in, to, and under the following (collectively, the "Conveyed Assets"), except to the extent constituting Excluded Assets (as hereinafter defined):

(a) all existing oil and gas leases, oil, gas and mineral leases or subleases, and other leasehold interests, and the leasehold estates created thereby, including carried interests, rights of recoupment, options, reversionary interests, convertible interests and rights to reassignment (collectively, the "Leases") described in **Exhibit A**, together with any and all other rights, titles, and interests of Assignor in and to the leasehold estates created thereby, including

royalty interests, overriding royalty interests, production payments, net profits interests, farmout interests, carried interests, reversionary interests, and all other interests of any kind or character described in Exhibit A, subject to any depth restrictions and retained interests described in Exhibit A, the terms, conditions, covenants, and obligations set forth in the Leases and/or Exhibit A, along with all pools and units that include all or any part of any Lease (the “Units”), including Assignor’s right, title and interest in Hydrocarbon production from any Unit, regardless of whether such Unit production is derived from wells located on or off a Lease (collectively, the “Assigned Leases and Interests”);

(b) all oil and gas wells (whether producing, inactive, temporarily or permanently abandoned, shut-in or otherwise) and any water injection wells located on the Leases (collectively, and including the wells set forth in Exhibit B, the “Wells”, and together with the Assigned Leases and Interests, the “Properties”);

(c) all oil, gas, minerals, and other gaseous and liquid hydrocarbons, or any combination of the foregoing (collectively, “Hydrocarbons”) produced from or allocated to any or all of the Properties from and after the Effective Time, and all proceeds therefrom;

(d) all agreements, contracts, obligations, promises or undertakings (in each case, whether written or oral), other than Leases, that are legally binding (collectively, “Contracts”), including sales and purchase contracts, unit operating agreements, exploration agreements, development agreements, seismic licenses, balancing agreements, farmout agreements, service agreements, transportation, processing, treatment and gathering agreements, equipment leases and other contracts, agreements and instruments, including the Contracts described on Exhibit C attached hereto, in each case, insofar as they relate to any other Conveyed Asset (collectively, the “Assigned Contracts”);

(e) to the extent that they may be assigned, all permits, licenses, servitudes, easements, rights-of-way and other surface agreements to the extent used primarily in connection with the ownership or operation of the Properties, excluding any permits and other appurtenances constituting Excluded Assets (collectively, the “Permits”);

(f) all equipment, machinery, fixtures, and other real, personal, and mixed property, operational and nonoperational, known or unknown, located on the Properties or the other Conveyed Assets described above as of the Effective Time, but excluding any such items constituting Excluded Assets (collectively, the “Equipment”);

(g) all of the files, records, information, and data, whether written or electronically stored, in Assignor’s possession and primarily relating to the Conveyed Assets, including (i) land and title records (including abstracts of title and title curative documents), (ii) contract files, (iii) correspondence, (iv) operations, environmental, production, and accounting records, (v) proprietary seismic and specific seismic lines and any reprocessed data (and related maps) if assignable by Assignor without cost, unless Assignee has agreed to and pays the cost, (vi) any seismic data reprocessed by Assignor (and related maps) for which Assignee, on or prior to the date hereof (or within five (5) Business Days from the date hereof), has obtained an appropriate license from the seismic contractor, together with any available interpreted horizons, faults, polygons and reservoir maps generated from the original/reprocessed data, to the extent

disclosure or transfer or same is permitted under such license obtained by Assignor, (vii) all geological, geochemical, or geophysical data (including cores and other physical samples or materials from wells or tests) belonging to Assignor relating to the Assets, and (viii) facility and well records but excluding any of the foregoing items that are Excluded Assets (collectively, the “Records”);

(h) except with respect to the Excluded Assets and the Excluded Liabilities, all claims, refunds, abatement, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of Assignor to the extent related to the Conveyed Assets and arising or relating to events occurring from and after the Effective Time or related to the Assumed Liabilities;

(i) all expenditures incurred by Assignor prior to the Effective Time in connection with the ownership, operation and maintenance of the Properties (including rentals, overhead, royalties, Lease option and extension payments, Taxes and other charges and expenses billed under applicable operating agreements or governmental statute(s)) and billed by Assignor to third party working interest owners as more particularly described on Schedule 2.1(b)(ix) to the Purchase Agreement, cash call pre-payments and other refunds due to Assignor for royalty overpayments and/or future deductions as royalty offsets associated with any Conveyed Asset as of the Effective Time; and

(j) all trade credits, accounts receivable, note receivables, take or pay amounts receivable, and other receivables attributable to the other Conveyed Assets, with respect to any period of time on and after the Effective Time; and

(k) all Intellectual Property (as defined in the Purchase Agreement) used or held for use exclusively in the ownership or operation of the Conveyed Assets.

Section 1.3 Excluded Assets. Assignor shall EXCEPT, RESERVE and RETAIN and the Conveyed Assets shall not include the following assets (the “Excluded Assets”):

(a) the Purchase Price delivered to Assignor pursuant to the Purchase Agreement;

(b) all cash and cash equivalents, including checks, commercial paper, treasury bills, certificates of deposit, letters of credit, bank accounts and other bank deposits as of the date hereof, in each case, excluding any proceeds of production and associated penalties and interest in respect of any of the Conveyed Assets that are payable to third parties and are being held in suspense by Assignor as the operator of such Conveyed Assets;

(c) all Hydrocarbons produced from or attributable to the Properties prior to the Effective Time, including marketable Hydrocarbons produced from or attributable to the Properties in storage tanks as of the Effective Time, and Hydrocarbons above a custody transfer point on the Effective Time, and all proceeds attributable thereto;

(d) all shares of capital stock or other equity interest of Assignor or any of Assignor’s Subsidiaries or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interest of Assignor or any of Assignor’s Subsidiaries;

(e) all minute books, stock ledgers, corporate seals and stock certificates of Assignor;

(f) (i) the general corporate files and records of Assignor, insofar as they relate to Assignor's business generally and are not required for the future ownership or operation of the Conveyed Assets, (ii) all legal files and records (other than title opinions), (iii) Assignor's federal or state income, franchise or margin tax files and records, (iv) employee files, (v) reserve evaluation information or economic projections, (vi) records relating to the sale of the Conveyed Assets, including competing bids, (vii) proprietary data, information and data, in each case under contractual restrictions on assignment or disclosure, (viii) privileged information and (ix) any other files or records to the extent relating to any Excluded Assets;

(g) all rights to any refunds of Taxes (as such term is defined in the Purchase Agreement) (or other related costs or expenses) that are borne by or the responsibility of Assignor, attributable to any Tax asset of Assignor, or to which Assignor is otherwise entitled hereunder;

(h) subject to Section 8.8(b) of the Purchase Agreement, all insurance policies and rights to proceeds thereof;

(i) all Permits and pending applications therefor to the extent related to any other Excluded Asset or the Excluded Liabilities;

(j) all Intellectual Property that is not used or held for use exclusively in the ownership or operation of the Conveyed Assets;

(k) all prepayments, good faith and other bid deposits submitted by any third party under the terms of the Bidding Procedures Order;

(l) all claims, refunds, loss carry forwards, abatements, variances, allocations, causes of action, claims for relief, choses in action, rights of recovery, audit rights, rights of set-off, rights of indemnity, contribution or recoupment, counter-claims, cross-claims and defenses of Assignor, other than those constituting Conveyed Assets;

(m) all rights, claims or causes of action by or in the right of Assignor against any current or former director or officer of Assignor;

(n) any and all claims for relief of Assignor under chapter 5 of the Bankruptcy Code;

(o) any rights, claims or causes of action of Assignor under the Purchase Agreement, this Assignment or any other Transaction Document;

(p) all proceeds, income, revenues, claims, refunds and other benefits (including any benefit attributable to any current or future laws or regulations in respect of "royalty relief" or other similar measures) not otherwise enumerated above (including any royalty overpayment receivables and/or future deductions as royalty offsets generated as a result of either Assignor's audit of royalties paid to any Governmental Authority as well as any security or other deposits made) attributable to the Conveyed Assets for any period prior to the Effective Time or any Excluded Assets (if any);

(q) documents prepared or received by Assignor with respect to (i) lists of prospective purchasers for such transactions compiled by Assignor, (ii) bids submitted by

other prospective purchasers of the Conveyed Assets, (iii) analyses by Assignor of any bids submitted by any prospective purchaser, (iv) correspondence between or among Assignor, its respective representatives, and any prospective purchaser other than Assignee, (v) internal valuations or economic models and (vi) correspondence between Assignor or any of its respective representatives with respect to any of the bids, the prospective purchasers, or the transactions contemplated in the Purchase Agreement;

(r) any offices, office leases or personal property located on such sites which are not directly related to any one or more of the Conveyed Assets; and

(s) all rights to the use of deposits and retainers paid by Assignor to the extent held and applied by Assignor's professionals on or before sixty (60) days after the earlier to occur of (i) the effective date of a plan of reorganization or liquidation, (ii) the conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code, or (iii) the dismissal of the Bankruptcy Case by the Bankruptcy Court.

TO HAVE AND TO HOLD the Conveyed Assets, together with all and singular the rights, titles, interests, estates, remedies, powers, privileges, and appurtenances thereto and forever belonging thereto unto Assignee, and its successors and assigns forever subject to the other terms and provisions set forth in this Assignment.

ARTICLE II DISCLAIMERS; ASSUMPTION

Section 2.1 Disclaimers. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT OR THE PURCHASE AGREEMENT, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS ASSIGNMENT OR THE PURCHASE AGREEMENT, ASSIGNOR MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, AND DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO ASSIGNEE (INCLUDING ANY OPINION, INFORMATION, OR ADVICE THAT MAY HAVE BEEN PROVIDED TO ASSIGNEE BY ANY RESPECTIVE AFFILIATE OR REPRESENTATIVE OF ASSIGNOR OR BY ANY INVESTMENT BANK OR INVESTMENT BANKING FIRM, ANY PETROLEUM ENGINEER OR ENGINEERING FIRM, ASSIGNOR'S COUNSEL, OR ANY OTHER AGENT, CONSULTANT, OR REPRESENTATIVE OF ASSIGNOR). ASSIGNOR FURTHER MAKES NO REPRESENTATION, COVENANT OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY FILES, RECORDS OR DATA HERETOFORE OR HEREAFTER FURNISHED IN CONNECTION WITH THE CONVEYED ASSETS, OR AS TO THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE CONVEYED ASSETS, OR THE ABILITY OF THE CONVEYED ASSETS TO PRODUCE HYDROCARBONS. ANY AND ALL SUCH FILES, RECORDS AND DATA FURNISHED BY ASSIGNOR IS PROVIDED AS A CONVENIENCE, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT ASSIGNEE'S SOLE RISK. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS ASSIGNMENT OR THE PURCHASE AGREEMENT, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE, RELATING TO (A) THE TITLE TO ANY OF THE CONVEYED ASSETS, (B) THE CONDITION OF THE CONVEYED ASSETS (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS), IT BEING DISTINCTLY UNDERSTOOD THAT THE CONVEYED ASSETS ARE BEING SOLD "AS IS,"

“WHERE IS,” AND “WITH ALL FAULTS AS TO ALL MATTERS,” (C) FREEDOM FROM HIDDEN OR REDHIBITORY DEFECTS OR VICES (D) ANY INFRINGEMENT BY ASSIGNOR OF ANY PATENT OR PROPRIETARY RIGHT OF ANY THIRD PARTY, (E) ANY INFORMATION, DATA, OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO ASSIGNEE BY OR ON BEHALF OF ASSIGNOR (INCLUDING, IN RESPECT OF ANY SEISMIC DATA, THE EXISTENCE OR EXTENT OF HYDROCARBONS OR THE MINERAL RESERVES, THE RECOVERABILITY OF SUCH RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, AND THE ABILITY TO SELL HYDROCARBON PRODUCTION AFTER THE CLOSING), AND (F) THE ENVIRONMENTAL CONDITION AND OTHER CONDITION OF THE CONVEYED ASSETS AND ANY POTENTIAL LIABILITY ARISING FROM OR RELATED TO THE CONVEYED ASSETS.

AS TO ANY OF THE CONVEYED ASSETS WHICH MAY BE LOCATED WITHIN THE JURISDICTION OF LOUISIANA, THE ASSIGNEE EXPRESSLY WAIVES: (I) THE WARRANTY OF FITNESS FOR INTENDED PURPOSES OR GUARANTEE AGAINST HIDDEN OR LATENT REDHIBITORY VICES UNDER LOUISIANA LAW, INCLUDING LOUISIANA CIVIL CODE ARTICLES 2520, ET SEQ, (II) ALL RIGHTS IN REDHIBITION PURSUANT TO LOUISIANA CIVIL CODE ARTICLE 2520, ET SEQ.; AND (III) ALL RIGHTS WHICH MAY EXIST UNDER THE LOUISIANA UNFAIR TRADE PRACTICE AND CONSUMER PROTECTION LAW, LA. R.S. 51:1402 ET SEQ. FURTHER, FOR ALL SUCH PURPOSES, ASSIGNOR ACKNOWLEDGES THAT THIS EXPRESS WAIVER SHALL BE CONSIDERED A MATERIAL AND INTEGRAL PART OF THIS SALE AND THE CONSIDERATION THEREOF; AND ACKNOWLEDGES THAT THE WAIVER HAS BEEN BROUGHT TO THE ATTENTION OF ASSIGNEE AND EXPLAINED IN DETAIL AND THAT ASSIGNEE HAS VOLUNTARILY AND KNOWINGLY CONSENTED TO THIS WAIVER OF WARRANTY OF FITNESS AND/OR WARRANTY AGAINST REDHIBITORY VICES AND DEFECTS FOR THE ASSETS

Section 2.2 ENVIRONMENTAL CONDITION. ASSIGNEE ACKNOWLEDGES THAT THE CONVEYED ASSETS HAVE BEEN USED FOR EXPLORATION, DEVELOPMENT AND PRODUCTION OF OIL, GAS AND WATER AND THAT THERE MAY BE PETROLEUM, PRODUCED WATER, WASTES OR OTHER HAZARDOUS SUBSTANCES LOCATED ON, UNDER OR ASSOCIATED WITH THE CONVEYED ASSETS AND THE CONVEYED ASSETS MAY ALSO CONTAIN PREVIOUSLY PLUGGED AND ABANDONED WELLS, BURIED PIPELINES, STORAGE TANKS, AND OTHER EQUIPMENT, WHETHER OR NOT OF A SIMILAR NATURE, THE LOCATIONS OF WHICH MAY NOT BE KNOWN BY ASSIGNOR OR BE READILY APPARENT BY A PHYSICAL INSPECTION OF THE CONVEYED ASSETS. EQUIPMENT AND SITES INCLUDED IN THE CONVEYED ASSETS MAY CONTAIN NATURALLY OCCURRING RADIOACTIVE MATERIALS (“NORM”). NORM MAY AFFIX OR ATTACH ITSELF TO THE INSIDE OF WELLS, MATERIALS AND EQUIPMENT AS SCALE, OR IN OTHER FORMS; THE WELLS, MATERIALS AND EQUIPMENT LOCATED ON OR INCLUDED IN THE CONVEYED ASSETS MAY CONTAIN NORM AND OTHER WASTES OR HAZARDOUS SUBSTANCES; AND NORM CONTAINING MATERIAL AND OTHER WASTES OR HAZARDOUS SUBSTANCES MAY HAVE BEEN BURIED, COME IN CONTACT WITH THE SOIL OR OTHERWISE BEEN DISPOSED OF ON OR AROUND THE CONVEYED ASSETS. SPECIAL PROCEDURES MAY BE REQUIRED FOR THE REMEDIATION, REMOVAL, TRANSPORTATION OR DISPOSAL OF WASTES, ASBESTOS, HAZARDOUS SUBSTANCES, INCLUDING HYDROGEN SULFIDE GAS AND NORM FROM THE CONVEYED ASSETS. FROM AND AFTER THE DATE HEREOF, ASSIGNEE SHALL ASSUME RESPONSIBILITY FOR THE CONTROL, STORAGE, HANDLING, TRANSPORTING AND DISPOSING OF OR DISCHARGE OF ALL MATERIALS, SUBSTANCES AND WASTES FROM THE CONVEYED ASSETS (INCLUDING PRODUCED WATER,

HYDROGEN SULFIDE GAS, DRILLING FLUIDS, NORM AND OTHER WASTES), PRESENT AFTER THE EFFECTIVE TIME, IN A SAFE AND PRUDENT MANNER AND IN ACCORDANCE WITH ALL APPLICABLE ENVIRONMENTAL LAWS.

Section 2.3 Conspicuous. Assignee and Assignor agree that, to the extent required by applicable law to be effective, the disclaimers of certain warranties contained in this Assignment are “conspicuous” disclaimers.

Section 2.4 Independent Investigation. Assignee acknowledges and affirms that it has made its own independent investigation, analysis, and evaluation of the transactions contemplated hereby and the Conveyed Assets (including Assignee’s own estimate and appraisal of the extent and value of Assignor’s Hydrocarbon reserves attributable to the Conveyed Assets and an independent assessment and appraisal of the environmental risks associated with the acquisition of the Conveyed Assets). Assignee acknowledges that in entering into this Assignment, it has relied on the aforementioned investigation. Assignee hereby irrevocably covenants to refrain from, directly or indirectly, asserting any claim, or commencing, instituting, or causing to be commenced, any Proceeding (as such term is defined in the Purchase Agreement) of any kind against Assignor or its Affiliates or Subsidiaries (as such terms are defined in the Purchase Agreement), alleging facts contrary to the foregoing acknowledgment and affirmation.

Section 2.5 Assumption. Assignee hereby assumes, effective as of the Effective Time, and agrees to fulfill, perform, pay, and discharge (or cause to be fulfilled, performed, paid, or discharged) all of the Assumed Liabilities (as such term is defined in the Purchase Agreement) arising in respect of the Conveyed Assets provided that Assignee does not assume any obligations or Liabilities (as such term is defined in the Purchase Agreement) attributable to the Excluded Liabilities (as such term is defined in the Purchase Agreement).

ARTICLE III OTHER PROVISIONS

Section 3.1 Conveyance subject to the Purchase Agreement. This Assignment is expressly subject to the Purchase Agreement. Nothing in this Assignment shall operate to limit, release, or otherwise impair any Party’s respective rights, obligations, remedies, or indemnities in the Purchase Agreement. Except as otherwise defined in this Assignment, all capitalized terms in this Assignment shall have the meanings given to them in the Purchase Agreement. If any provision of this Assignment is construed to conflict with any provision of the Purchase Agreement, the provisions of the Purchase Agreement shall be deemed controlling to the extent of such conflict.

Section 3.2 Further Assurance. The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Assignment; *provided* that nothing in this Section 3.2 shall prohibit Assignor from ceasing operations or winding up its affairs following the Closing.

Section 3.3 Assignment. The provisions of this Assignment shall be construed as covenants running with the land and this Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and each of their respective successors and assigns. This Assignment is made subject to any and all licenses, leases, easements, rights of way, restrictions, covenants, restrictions and other matters of record affecting the Conveyed Assets, and land use or similar laws, rules or regulations.

Section 3.4 Severability. The provisions of this Assignment shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Assignment, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Assignment and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

Section 3.5 Governing Law; Consent to Jurisdiction and Venue; Jury Trial Waiver.

(a) EXCEPT TO THE EXTENT THE MANDATORY PROVISIONS OF THE BANKRUPTCY CODE APPLY, THIS ASSIGNMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY IN SUCH STATE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OR CHOICE OF LAWS OR ANY OTHER LAW THAT WOULD MAKE THE LAWS OF ANY OTHER JURISDICTION OTHER THAN THE STATE OF TEXAS APPLICABLE HERETO.

(b) Without limitation of any Party's right to appeal any Order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Assignment and to decide any claims or disputes which may arise or result from, or be connected with, this Assignment, any breach or default hereunder, or the transactions contemplated hereby and (ii) any and all claims relating to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Bankruptcy Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding (as such terms are defined in the Purchase Agreement); *provided, however*, that, if the Bankruptcy Case is closed, all Actions and Proceedings arising out of or relating to this Assignment shall be heard and determined in a Texas state court or a federal court sitting in the state of Texas, and the Parties hereby irrevocably submit to the exclusive jurisdiction and venue of such courts in any such Action or Proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding. The Parties consent to service of process by mail (in accordance with Section 13.3 of the Purchase Agreement) or any other manner permitted by law.

(c) THE PARTIES HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS ASSIGNMENT OR THE ACTIONS OF

ASSIGNOR, ASSIGNEE OR THEIR RESPECTIVE REPRESENTATIVES IN THE NEGOTIATION OR PERFORMANCE HEREOF.

Section 3.6 Waiver of Damages. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NO PARTY SHALL BE LIABLE TO THE OTHER FOR SPECIAL, INDIRECT, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF, ASSOCIATED WITH, OR RELATING TO THIS ASSIGNMENT (INCLUDING LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER THE SAME MAY BE CAUSED) AND THE PARTIES HEREBY WAIVE ALL CLAIMS FOR ANY SUCH DAMAGES, EXCEPT TO THE EXTENT ANY SELLER INDEMNIFIED PARTY SUFFERS SUCH DAMAGES TO AN UNAFFILIATED THIRD PARTY IN CONNECTION WITH A FINALLY ADJUDICATED THIRD PARTY CLAIM, IN WHICH CASE SUCH DAMAGES SHALL BE RECOVERABLE (TO THE EXTENT RECOVERABLE UNDER ARTICLE 12 OF THE PURCHASE AGREEMENT) WITHOUT GIVING EFFECT TO THIS SECTION 3.6.

Section 3.7 Interpretive Matters. Unless otherwise expressly provided, for purposes of this Assignment, the following rules of interpretation shall apply:

(a) When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded;

(b) Any reference in this Agreement to gender includes all genders, and words imparting the singular number only include the plural and vice versa;

(c) Words such as “herein,” “hereof” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires; and

(d) The word “including” or any variation thereof means “including, without limitation,” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

Section 3.8 Amendment. This Assignment may not be amended except by a written agreement executed by all of the Parties.

Section 3.9 Counterparts. This Assignment and any amendment hereto may be executed in two (2) or more counterparts, each of which shall be deemed to be an original of this Assignment or such amendment and all of which, when taken together, shall constitute one and the same instrument.

Section 3.10 Additional Assignments. Certain of the Conveyed Assets may require approval to transfer by a Governmental Authority, and as such may require separate assignment instruments made on officially approved forms, or forms acceptable to such Governmental Authority, (including any assignments of record title, operating rights and/or rights of ways filed with the Bureau of Ocean Energy Management or the Bureau of Safety and Environmental Enforcement) and in sufficient multiple originals to satisfy applicable statutory and regulatory

requirements. Assignor's interest conveyed by such separate assignments are the same, and not in addition to, Assignor's interest conveyed in this Assignment.

Where separate assignments of the Conveyed Assets have been or will be executed for filing with, and approval by, applicable Governmental Authorities, any such separate assignments (a) shall evidence this Assignment and assignment of the applicable Conveyed Assets herein made and shall not constitute any additional Assignment or assignment of such properties, (b) are not intended to modify, and shall not modify, any of the terms, covenants and conditions or limitations on warranties set forth in this Assignment or the other Transaction Documents and are not intended to create, and shall not create, any representations, warranties or additional covenants of or by Assignor to Assignee and (c) shall be deemed to contain all of the terms and provisions of this Assignment and the Transaction Documents, as fully and to all intents and purposes as though the same were set forth at length in such separate assignments.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Assignment on the dates set forth in their respective acknowledgements hereto, but this Assignment shall be effective for all purposes as of the Effective Time.

WITNESSES TO ALL SIGNATURES: ASSIGNORS:

Cobalt International Energy, L.P.

Printed Name: _____

By: _____
Name: _____

Printed Name: _____

Cobalt GOM #1, LLC

By: _____
Name: _____
Title: _____

STATE OF _____ §
§
COUNTY OF _____ §

This Assignment was acknowledged before me on this _____ day of _____, 2018, by _____ as _____ for Cobalt International Energy, L.P., a Delaware limited partnership, on behalf of the partnership.

(Sign)

(Print Name)
Notary Public in and for
_____, _____

My Commission Expires:

STATE OF _____ §
§
COUNTY OF _____ §

This Assignment was acknowledged before me on this _____ day of _____, 2018, by _____ as _____ for Cobalt GOM #1, LLC, a Delaware limited liability company, on behalf of the partnership.

(Sign)

(Print Name)
Notary Public in and for
_____, _____

My Commission Expires:

WITNESSES TO ALL SIGNATURES: ASSIGNEE:

W&T Offshore, Inc.

Printed Name: _____

a Texas corporation

Printed Name: _____

By: _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____ §
 §
COUNTY OF _____ §

This Assignment was acknowledged before me on this _____ day of _____, 2018, by _____ as _____ of W&T Offshore, Inc., a Texas corporation, on behalf of the corporation.

(Sign)

(Print Name)

Notary Public in and for

My Commission Expires:

_____, _____

EXHIBIT D-2

Form of DOI Assignment

[See attached.]

U.S. Department of the Interior
Bureau of Ocean Energy Management

OMB Control No.: 1010-0006
Expiration Date: 06/30/2019

**ASSIGNMENT OF RECORD TITLE INTEREST IN
FEDERAL OCS OIL AND GAS LEASE**

Lease No.

Lease Effective Date

New Lease No. (BOEM Use Only)

Part A: Assignment

Legal description of the OCS oil and gas lease or the officially designated subdivision of the lease being assigned:

Assignor(s) does (do) hereby sell, assign, transfer, and convey unto Assignee(s) the following undivided right, title and interest (insert name and qualification number of each Assignor and Assignee below):

Assignor(s): [Cobalt International Energy L.P. 02873]/[Cobalt GOM #1, LLC 03070] **Percentage Interest Conveyed**

Assignee(s): **Percentage Interest Received**

The approval of this assignment is restricted to record title interest only.

Exhibit "A," which sets forth other provisions between Assignor(s) and Assignee(s), is attached to and made a part of this assignment.

For BOEM use only

This Assignment of Record Title Interest has been filed as of the date stamped on this document and is hereby approved by the Bureau of Ocean Energy Management on the date shown below.

By _____ Title _____ BOEM Approval Date _____
Authorized Official for BOEM

Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 *et seq.*) requires us to inform you that we collect this information to use in the adjudication process involved in leasing and lease operations. BOEM uses the information to track ownership of leases in the Federal OCS. Responses are required to obtain or retain a benefit. Proprietary data are covered under section 26 of the OCSLA, 30 CFR 556.10, and in accordance with regulations in 30 CFR parts 550, 551, and 552. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden of this form is estimated to average 30 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Comments on the burden estimate or any other aspect of this form should be directed to the Information Collection Clearance Office, Bureau of Ocean Energy Management, 45600 Woodland Road, Sterling, VA 20166.

Part B: Certification and Acceptance

1. Each Assignor certifies it is the owner of the record title interest in the above-described lease that is hereby assigned to the Assignee(s) specified above.
2. **DEBARMENT COMPLIANCE:** Each Assignor and Assignee certifies its compliance with the Department of the Interior’s nonprocurement debarment and suspension regulations at 2 CFR Subtitle B, Part 1400, and agree to communicate the requirement to comply with these regulations to persons with whom it does business related to this record title interest assignment by including the terms of the regulations in its contracts and transactions.
3. **EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION COMPLIANCE CERTIFICATION:** Each Assignor and Assignee certifies that it is in full compliance with Equal Opportunity Executive Order 11246, as amended, and the implementing regulations at 41 CFR 60-01 – Obligations of Contractors and Subcontractors; and 41 CFR 60-2 – Affirmative Action Programs.
4. **QUALIFICATIONS of ASSIGNOR(S) and ASSIGNEE(S):** Each Assignor and Assignee certifies that it: is established and officially recognized by the Bureau of Ocean Energy Management as qualified and authorized to bid on, acquire interests in, and hold OCS oil and gas leases; is exercising and meeting due diligence requirements on any other OCS lease in accordance with section 8 of the OCSLA, as amended (43 U.S.C. 1337(d)); is in good standing with acceptable operating performance as required by 30 CFR §§ 550 and 556; is not disqualified by BOEM from acquiring any new OCS leases or assigned interest(s) in existing leases because of unacceptable operating performance on any other OCS lease; is not failing to meet or exercise due diligence (as determined by BOEM after notice and opportunity for a hearing under 30 CFR part 590, subpart A); and is not restricted from bidding or acquiring interests in the lease or officially designated subdivision, therein, or grouped with any other entities on the restricted joint bidders list.
5. Assignee’s execution of this assignment constitutes acceptance of all applicable terms, conditions, stipulations and restrictions pertaining to the lease described herein. Applicable terms and conditions include, but are not limited to, an obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any operations as described in the lease, and to furnish and maintain bond(s) pursuant to regulations at 30 CFR §§ 550 and 556. This assignment is subject to the Outer Continental Shelf Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., as amended (the “Act”), and Assignee(s) is (are) subject to, and shall fully comply with, all applicable regulations now or to be issued under the Act. Notwithstanding any agreement between the Assignor(s) and Assignee(s), the parties’ liability to the Bureau of Ocean Energy Management is governed by 30 CFR §§ 550 through 556.

This Assignment of Record Title Interest will be made effective between the parties hereto as of _____, upon approval by the Bureau of Ocean Energy Management, United States Department of the Interior.

This instrument may be executed in any number of counterparts, each of which will be deemed an original instrument, but all of which together shall constitute but one and the same instrument provided, however, this instrument and any other counterpart hereof, will not be binding unless and until executed by all of the parties, and will not be accepted by the Bureau of Ocean Energy Management unless all counterparts are filed simultaneously.

By signing this document, you certify that your statements made herein are true, complete and correct to the best of your knowledge and belief and are made in good faith.

Title 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Assignor Name: [Cobalt International Energy, L.P.]/[Cobalt GOM #1, LLC] **Assignor Name:**

Assignor Qualification No. [02873]/[03070]

Assignor Qualification No.

By: _____

By: _____

Signatory Name:

Signatory Name:

Signatory Title:

Signatory Title:

Execution Date

Execution Date

Assignee Name:

Assignee Name:

Assignee Qualification No.

Assignee Qualification No.

By: _____

By: _____

Signatory Name:

Signatory Name:

Signatory Title:

Signatory Title:

Execution Date

Execution Date

Schedule 1.1

To that certain Asset Purchase Agreement
by and between Cobalt GOM #1, LLC,
as Seller, and W&T Offshore, Inc., as Buyer

Seller's Knowledge Persons

Richard A. Smith — Senior Vice President, Strategy and Business Development

Rod Skaufel — President, Operations

Schedule 2.1(b)(ix)

To that certain Asset Purchase Agreement
by and between Cobalt GOM #1, LLC,
as Seller, and W&T Offshore, Inc., as Buyer

Known Receivables

<u>Heidelberg:</u>	<u>Working Interest Partner</u>	<u>Amount</u>
Prepaid Insurance		\$192,139.00
Pipeline Deposits	Discovery	\$28,487.66

Schedule 5.10

To that certain Asset Purchase Agreement
by and between Cobalt GOM #1, LLC,
as Seller, and W&T Offshore, Inc., as Buyer

Surety Bonds

<u>Date</u>	<u>Bond No.</u>	<u>Issuer</u>	<u>Beneficiary</u>	<u>Amount</u>	<u>Contract Description</u>
01/01/2017	69608938	CITIBANK, N.A.	Enbridge Offshore Facilities, LLC	\$ 9,074,000.00	Enbridge Letter of Credit (Citi Issued)
08/12/2016		Cobalt International Energy	Caesar Oil Pipeline Co., LLC	\$ 50,000.00	Cash Deposit to Satisfy Adequate Assurance
03/31/2016		CGOM # 1	Discovery Producer Services LLC	\$ 425,000.00	Deposit Agreement to satisfy DPS's creditworthiness requirements
03/31/2016		CGOM # 1	Discovery Gas Transmission LLC	\$75,000.00	Deposit Agreement to satisfy DGT's creditworthiness requirements
11/20/2008	RLB0012287	RLI Insurance Company	U.S. Department of Interior	\$1,000,000.00	Outer Continental Shelf (OCS) Mineral Lessee's and Operator Bond

Schedule current as of 1/31/18

Schedule 8.2

To that certain Asset Purchase Agreement
by and between Cobalt GOM #1, LLC,
as Seller, and W&T Offshore, Inc., as Buyer

Allocated Values

<u>Area</u>	<u>Block</u>	<u>Lessor / Lease No.</u>	<u>Lease Date</u>	<u>Lease Expiration</u>	<u>Prospect Name</u>	<u>Asset</u>	<u>Working Interest</u>	<u>Gross Acres</u>	<u>Allocated Value</u>
Green Canyon	859	OCS-G 24194	7/1/02	6/30/13	Heidelberg	Heidelberg Unit	9.375%	5,760	Total Allocated Value \$31,100,000
Green Canyon	903	OCS-G 24197	7/1/02	6/30/13	Heidelberg	Heidelberg Unit	9.375%	5,760	
Green Canyon	904	OCS-G 26346	7/1/04	6/30/15	Heidelberg	Heidelberg Unit	9.375%	5,760	

Schedule 8.9(b)

To that certain Asset Purchase Agreement
by and between Cobalt GOM #1, LLC,
as Seller, and W&T Offshore, Inc., as Buyer

Certain Adjustments

An amount equal to \$450,000 in consideration for replacing the letter of credit posted with Enbridge Offshore Facilities, LLC pursuant to the Heidelberg Oil Pipeline Oil Transportation and Operating Agreement dated May 28, 2013.

DATED 13 February 2009

- (1) **WHITTON PETROLEUM SERVICES LIMITED**
- and
- (2) **CIE ANGOLA BLOCK 9 LIMITED**
CIE ANGOLA BLOCK 20 LIMITED
CIE ANGOLA BLOCK 21 LIMITED
- and
- (3) **COBALT INTERNATIONAL ENERGY L.P.**

RESTATEMENT AGREEMENT

RELATING TO

OVERRIDING ROYALTY AGREEMENTS

FOR BLOCKS 9, 20 AND 21 OFFSHORE ANGOLA

Vinson & Elkins

CityPoint
33rd Floor
1 Ropemaker Street
London EC2Y 9UE
Tel: 44.20.7065.6000
Fax: 44.20.7065.6001

THIS RESTATEMENT AGREEMENT is dated 13 February 2009 and made

BETWEEN

- (1) **WHITTON PETROLEUM SERVICES LIMITED**, a Bahamian company which has its registered address at Suite E-2 Union Court Building, Elizabeth Ave and Shirley St, Nassau, Bahamas ("**Whitton**");
- (2) **CIE ANGOLA BLOCK 9 LIMITED**, a company which is, at the date of this Restatement Agreement, a subsidiary of the Guarantor ("**Cobalt 9**"),
CIE ANGOLA BLOCK 20 LIMITED, a company which is, at the date of this Restatement Agreement, a subsidiary of the Guarantor ("**Cobalt 20**"),
CIE ANGOLA BLOCK 21 LIMITED, a company which is, at the date of this Restatement Agreement, a subsidiary of the Guarantor ("**Cobalt 21**"); and
- (3) **COBALT INTERNATIONAL ENERGY L.P.**, a company organized and existing under the laws of the State of Delaware, with headquarters at Two Post Oak Central, 1980 Post Oak Blvd, Suite 1200, Houston, Texas, 77056, United States of America (the "**Guarantor**"),

(together with their respective successors and permitted assigns, individually a "**Party**" and collectively the "**Parties**").

WHEREAS:

- (A) Whitton, Cobalt 9 and the Guarantor entered into an overriding royalty agreement relating to Block 9 Offshore Angola dated 4 April 2008 (the "**Block 9 Agreement**").
- (B) Whitton, Cobalt 20 and the Guarantor entered into an overriding royalty agreement relating to Block 20 Offshore Angola dated 4 April 2008 (the "**Block 20 Agreement**").
- (C) Whitton, Cobalt 21 and the Guarantor entered into an overriding royalty agreement relating to Block 21 Offshore Angola dated 4 April 2008 (the "**Block 21 Agreement**"; the Block 9 Agreement, the Block 20 Agreement and the Block 21 Agreement hereinafter collectively referred to as the "**Agreements**").
- (D) In consideration of the considerable assistance provided by and continued assistance of Whitton to the Guarantor and its Affiliates in its efforts to arrange:
 - (i) a two hundred million Dollar (\$200,000,000) investment by Sonangol or its affiliates in the Guarantor or its Affiliates; and
 - (ii) the proposed entry by the Guarantor and/or its Affiliates into production sharing agreements, risk sharing agreements, risk service agreements, concessions or similar agreements with Sonangol or any other Government body and pursuant to which Cobalt is granted rights in oil and gas production (or the proceeds thereof) in respect of an oil and gas block in the Republic of Angola,

the Parties have agreed with effect from the Effective Date (as defined below) to replace the Block 9 Agreement, the Block 20 Agreement and the Block 21 Agreement with this single restated agreement (the "**Restatement Agreement**"), on terms which are set out in Schedule 1 to this Restatement Agreement, providing for, amongst other things, an entitlement of Whitton to receive royalty payments from the Guarantor as set out therein, in respect of any oil and gas block located in the Republic of Angola (including, for the avoidance of doubt, Blocks 9, 20 and 21 Offshore Angola) which may be awarded to the Guarantor or its Affiliates.

NOW THEREFORE IT IS HEREBY AGREED as follows:

1. PURPOSE AND DEFINITIONS

- 1.1 This Restatement Agreement sets out the terms and conditions upon and subject to which the Parties have agreed to: (a) terminate the Block 9 Agreement, the Block 20 Agreement and the Block 21 Agreement; and (b) restate the Agreements.
- 1.2 Except as otherwise defined herein, the terms defined in the Agreements shall bear the same meaning when used in this Restatement Agreement.

2. TERMINATION OF BLOCK AGREEMENTS

Upon the execution of this Restatement Agreement, each of the Parties to this Restatement Agreement hereby irrevocably and unconditionally:

- (i) agrees and acknowledges that, as at and with immediate effect from the Effective Date (as defined below), the Agreements and all of the terms contained therein (including without limitation any term which is expressed to survive the termination of the Agreements) shall cease and terminate and each Party shall be released and discharged from any and all agreements, undertakings, covenants and obligations to be observed and performed by them pursuant to or in connection with the Agreements (whether past, present or future and whether actual or contingent); and
- (ii) waives, as at and with immediate effect from the Effective Date (as defined below), any rights, claims, actions or remedies of any kind whatsoever which it has or which it may have against the other Parties under or in connection with the Agreements and hereby releases and discharges each and every other Party from any and all liabilities whatsoever in connection therewith.

3. RESTATEMENT OF BLOCK AGREEMENTS

The agreement in the consolidated form set out in Schedule 1 to this Restatement Agreement shall be effective on and with effect from the date of this Restatement Agreement (the "**Effective Date**").

4. MISCELLANEOUS

- 4.1 The provisions of Clauses 9.1 (*Confidentiality*), 11 (*Miscellaneous*), 12 (*Notices*), 13 (*Governing Law and Jurisdiction*) and 14.1 to 14.5 (*Dispute Resolution*) of the Agreements shall be incorporated into this Restatement Agreement as if set out in full

in this Restatement Agreement and as if references in those Clauses to “this Agreement” are references to this Restatement Agreement.

4.2 This Restatement Agreement may be executed in any number of counterparts all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this Restatement Agreement on the day and year first above written.

Signed by: *D. Gaswell*

Duly authorized for and on behalf of
Whitton Petroleum Services Limited

Name: *DAVID GASWELL*
Position: *DIRECTOR*

Signed by: _____

Duly authorized for and on behalf of
CIE Angola Block 9 Limited

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by: _____

Duly authorized for and on behalf of
CIE Angola Block 20 Limited

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by: _____

Duly authorized for and on behalf of
CIE Angola Block 21 Limited

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by: _____

Duly authorized for and on behalf of
Cobalt International Energy, L.P.

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by: _____

Duly authorized for and on behalf of
Whitton Petroleum Services Limited

Name:
Position:

Signed by:  _____

Duly authorized for and on behalf of
CIE Angola Block 9 Limited

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by:  _____

Duly authorized for and on behalf of
CIE Angola Block 20 Limited

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by:  _____

Duly authorized for and on behalf of
CIE Angola Block 21 Limited

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

Signed by:  _____

Duly authorized for and on behalf of
Cobalt International Energy, L.P.

Name: Joseph H. Bryant
Position: Chairman and Chief Executive Officer

SCHEDULE 1
RESTATED AGREEMENT

DATED 13 February 2009

- (1) WHITTON PETROLEUM SERVICES LIMITED
- and
- (2) COBALT INTERNATIONAL ENERGY L.P.

OVERRIDING ROYALTY AGREEMENT

RELATING TO

BLOCKS LOCATED OFFSHORE ANGOLA

Vinson & Elkins

CityPoint
33rd Floor
1 Ropemaker Street
London EC2Y 9UE
Tel: 44.20.7065.6000
Fax: 44.20.7065.6001

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THIS AGREEMENT is made this 13~~th~~ day of February 2009 (the "**Effective Date**")

BETWEEN:

- (1) **WHITTON PETROLEUM SERVICES LIMITED**, a Bahamian company which has its registered address at Suite E-2 Union Court Building, Elizabeth Ave and Shirley St, Nassau, Bahamas (the "**Beneficiary**" or "**Whitton**"); and
- (2) **COBALT INTERNATIONAL ENERGY L.P.**, a company organized and existing under the laws of the State of Delaware, with headquarters at Two Post Oak Central, 1980 Post Oak Blvd, Suite 1200, Houston, Texas, 77056, United States of America (the "**Cobalt**"),

(together with their respective successors and permitted assigns, individually a "**Party**" and collectively the "**Parties**").

WHEREAS:

- (A) The Beneficiary has provided and will continue to provide Cobalt and its Affiliates with considerable assistance in its efforts to arrange: (i) a two hundred million Dollar (\$200,000,000) investment by Sonangol or its affiliates in Cobalt or its Affiliates; and (ii) the proposed entry by Cobalt and/or its Affiliates into Government Contracts with Sonangol or other subsidiaries, departments or divisions of the Government.
- (B) In consideration of the considerable assistance provided by and continued assistance of the Beneficiary, Cobalt wishes to grant to the Beneficiary certain rights to be paid royalties in respect of production of crude oil only from Block 9, Block 20 and Block 21 and crude oil and natural gas (where Cobalt has entitlement to such crude oil or natural gas) from any other oil and gas block located in the Republic of Angola in which Cobalt or its Affiliates has a participating interest (or any other economic or equity interest) during the term of this Agreement (each a "**Block**" and together, the "**Blocks**"), on the terms and subject to the conditions of this Agreement.

NOW THEREFORE IT IS HEREBY AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement (including in the recitals), the following expressions shall have the following meanings:

"**Accounting Procedure**" means the accounting rules and procedures attached to and forming part of any JOA;

"**Affiliate**" means, with respect to any Party, any other Person that directly or indirectly (through one or more intermediaries) Controls, or is Controlled by, or is under common Control with, such Party;

"**Beneficiary's Account**" means such bank account of and in the name of the Beneficiary as the Beneficiary shall specify by notice in writing to the other Party promptly following the date of this Agreement (or such other account as the Beneficiary may notify to the other Party in writing on not less than twenty (20) Business Days' notice);

“Beneficiary’s Proportion” means two decimal point five percent (2.5 %);

“Block 9” means block 9 offshore Angola;

“Block 20” means block 20 offshore Angola;

“Block 21” means block 21 offshore Angola;

“Block” and **“Blocks”** have the meaning given in the Recitals;

“Business Day” means a day, other than a Saturday or Sunday, on which banks are generally open for normal business in Houston, Texas and London, England;

“Cash Value” means, in respect of any Block, the market value (expressed in Dollars) of the rights and obligations of the Beneficiary under this Agreement in relation to such Block, based upon the amount in cash a willing transferee of such rights and obligations would pay a willing transferor in an arm’s length transaction;

“Change in Control” means, in respect of any entity, any direct or indirect change in Control of such entity (whether through merger, sale of shares or other equity interests, or otherwise) through a single transaction or series of related transactions, from one or more transferors to one or more transferees, and includes the liquidation, dissolution or winding up of such Party;

“Claimant” has the meaning given in Clause 15.2;

“Contractor” means the contractor (including all entities forming any contractor group) under and in accordance with any Government Contract;

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of a majority or other controlling interest in the voting securities or other equity ownership interest in such Person, by law, or by agreement between Persons conferring such power or voting rights, and **“Controls”**, **“Controlled by”** and other derivatives shall be construed accordingly;

“Disclosing Party” has the meaning given in Clause 10.1;

“Dollars” and **“\$”** means the currency of the United States of America;

“Effective Date” has the meaning given in the preamble to this Agreement;

“Expert” means the expert appointed in accordance with Clause 15.5;

“Expert Notice” has the meaning given in Clause 15.5;

“Full Payment Notice” has the meaning given in Clause 9.2(b);

“Government” means the Government of the Republic of Angola, including all ministries and departments thereof and all federal, state, local or other governmental authorities or organisations within the Republic of Angola and all entities owned, operated or controlled by any such authorities or organisations;

“Governmental Authority” means any government, or any political subdivision thereof, including departments, courts, commissions, boards, bureaux, ministries, agencies or other instrumentalities, and all entities owned, operated, or controlled by any such government or subdivision thereof, including those in the Republic of Angola;

“Government Contract” means any production sharing agreement, risk sharing agreement, risk service agreement, concession or similar agreement entered into by Cobalt or its Affiliates with Sonangol or any other Government body and pursuant to which Cobalt or its Affiliates are granted rights in oil and gas production (or the proceeds thereof) in respect of a Block, as from time to time varied, supplemented, assigned and/or novated;

“Gross Petroleum” means, in respect of any Block, such quantity of crude oil and natural gas as is: (i) produced in any Quarter from such Block and not used in petroleum operations, less the cost recovery crude oil or gas (or equivalent under the applicable Government Contract) from such Block; **and** (ii) allocated to the Contractor under the Government Contract in respect of such Block;

“Gross Petroleum Value” means, subject to the provisions of Clause 2.1(b), for any Quarter, the value of the Gross Petroleum for that Quarter, calculated as the quantity of such Gross Petroleum multiplied by the Market Price;

“Heads of Agreement” means the heads of agreement dated 26 September 2007 between the Beneficiary and Cobalt;

“ICC Rules” has the meaning given in Clause 15.1;

“Intellectual Property Right” means any formula, process, invention, improvement, utility model, trade mark, service mark, business name, copyright, design right, patent, know-how, trade secret and any other intellectual property right of any nature whatsoever throughout the world (whether registered or unregistered and including all applications and rights to apply for the same) which relates to or is used in connection with the business, operations or any product or service of Cobalt or its Affiliates;

“Joint Operating Agreement” or **“JOA”** means any operating agreement, joint operating agreement or similar agreement entered into between the Persons constituting the Contractor under any Government Contract, as from time to time varied, supplemented, assigned and/or novated;

“Market Price” means: (a) in the case of crude oil, the price determined in accordance with Article 6 of the Republic of Angola Law on Taxation of Petroleum Activities (Law No 13/04 of 24 December 2004); and (b) in the case of natural gas, the price for the valuation of natural gas that may be agreed by the Contractor and Sonangol for the purposes of the applicable Government Contract;

“Operator” means the Person designated as Operator under any JOA;

“Partner” means a Person which is a party to a JOA and one of the Persons constituting the Contractor;

“Percentage Interest” means, in respect of any Block or Government Contract, the percentage interest share of Cobalt in the rights, title and interest of the Contractor under such Block or Government Contract and any related JOA;

“Person” means any natural person, company, partnership, corporation, association, trust, joint venture, unincorporated organisation or Governmental Authority or any other legal entity;

“Public Official” means any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise, a public international organisation or a Governmental Authority, including any state-owned, state-controlled or state-operated entity;

“Quarter” means any period of three (3) consecutive months beginning after the Effective Date on 1 January, 1 April, 1 July or 1 October or in respect of the first Quarter, the period commencing on the Effective Date and ending on the day before the commencement of the first full Quarter and in respect of the last Quarter, the period commencing on, as the case may be, 1 January, 1 April, 1 July or 1 October and ending on the day of termination of this Agreement in respect of the applicable Block;

“Receiving Party” has the meaning given in Clause 10.1;

“Recitals” means the recitals to this Agreement;

“Relevant Legislation” has the meaning given in Clause 7.1;

“Remaining Interest” has the meaning given in Clause 8.4;

“Representatives” has the meaning given in Clause 7.1;

“Respondent” has the meaning given in Clause 15.2;

“Services” means the services to be provided and the obligations to be performed by Whitton under Clauses 4.1 and 4.2;

“Sonangol” means Sociedade Nacional de Combustíveis de Angola - Empresa Pública (Sonangol, E.P.), a company with its headquarters in Luanda, Republic of Angola, incorporated in accordance with Angolan Decree n° 52/76, of 9 June 1976;

“Substitute Assets” has the meaning given in Clause 8.3;

“Substitution Notice” has the meaning given in Clause 8.3;

“Tribunal” has the meaning given in Clause 15.2; and

“Withholding Notice” has the meaning given in Clause 9.2(a).

- 1.2 All references to Clauses and Schedules are, unless otherwise expressly stated, references to clauses of and schedules to this Agreement.

- 1.3 The headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement.
- 1.4 Any reference to any statute or statutory instrument in this Agreement shall be a reference to the same as amended, supplemented or re-enacted from time to time.
- 1.5 Unless the context otherwise requires, reference to the singular shall include the plural and vice versa, reference to any gender shall include all genders.
- 1.6 References in this Agreement to any other agreement, document or instrument shall be construed and have effect as references to the same as from time to time supplemented, amended and/or novated.
- 1.7 In this Agreement, the word “**including**” shall be construed without limitation.

2. OVERRIDING ROYALTY PAYMENT

2.1 Subject to and in accordance with the terms of this Clause 2:

- (a) in consideration of the performance by the Beneficiary of its obligations under this Agreement, Cobalt shall pay to the Beneficiary, in respect of each Block, for each Quarter from and including the first Quarter in which the quantity of Gross Petroleum allocated to Contractor under any Government Contract exceeds zero until this Agreement is terminated in respect of such Block, an amount calculated as follows:

$$QP = BP \times (PI \times GPV)$$

Where:

QP is the payment to be made to the Beneficiary for such Quarter;

BP is the Beneficiary's Proportion;

PI is Cobalt's Percentage Interest share;

GPV is Gross Petroleum Value for such Quarter; and

- (b) where the relevant Government Contract is a risk services agreement and not a production sharing agreement, the Parties undertake to agree a “Production Sharing Agreement Economic Model”, containing economic terms equivalent to those in such risk services agreement, which model shall be used for calculation of each Quarter's Gross Petroleum Value. In such circumstances, the quarterly calculation shall use the actual production and costs as incurred on the relevant Block for the purposes of determining the Gross Petroleum and Gross Petroleum Value.
- 2.2 Any payments required to be made pursuant to this Clause 2 shall be made in Dollars.
 - 2.3 In the event of any unitization of a Block, the payments to be made to the Beneficiary pursuant to this Clause 2 shall be calculated by reference to such percentage of production attributable to Cobalt from the unit area as will allow the Beneficiary to

receive payments in an amount which is no less and no more than an amount equivalent to the payments that would have been so received if such unitization had not occurred and such payments had been calculated in accordance with the provisions of Clause 2.1.

3. PROVISION OF INFORMATION

3.1 Not later than twenty (20) Business Days after the Operator has approved disbursements to the Partners for any Quarter in accordance with the Accounting Procedure, Cobalt shall provide to the Beneficiary in respect of such Quarter:

- (a) a statement setting out the calculation of the amount payable to the Beneficiary pursuant to Clause 2.1 in respect of each Block, including the Gross Petroleum, the Gross Petroleum Value and the Market Price; and
- (b) such evidence and documentation as is reasonably necessary to demonstrate the accuracy of such calculation and as is consistent with such evidence and documentation in relation thereto as is provided by Cobalt to its Partners (if any) in the relevant Block.

3.2 Cobalt shall provide the Beneficiary with:

- (a) details of its plans and operations in respect of any Block, including all such technical and economic assessments of such Block as Cobalt may prepare or have available, as soon as reasonably practicable, and in any event within five (5) Business Days after preparation of such plans or commencement of such operations, whichever is the earlier; and
- (b) all such other information in relation to such Block which is in Cobalt's possession and which Whitton reasonably requires to perform its obligations under this Agreement.

3.3 The Beneficiary acknowledges and agrees that, notwithstanding any other provision of this Agreement:

- (a) Cobalt and/or its Affiliates will be subject to restrictions on the disclosure of information pursuant to the terms of any Government Contract and JOA, and under any agreement entered into in connection therewith and under applicable law, and Cobalt shall not be required to act in contravention of such restrictions; and
- (b) the Beneficiary shall not have any right to participate in, vote on or otherwise influence any operational and/or business decisions of Cobalt or of the Contractor in connection with any Block; provided however that Cobalt shall not initiate and/or implement any action, the principal purpose of which is to reduce or otherwise adversely affect the Beneficiary's rights under this Agreement.

4. WHITTON SERVICES

4.1 From the date of this Agreement Whitton shall, subject to the further provisions of this Clause 4, provide support, assistance and advice to Cobalt and its Affiliates in:

- (a) the negotiation, drafting, execution and performance of any Government Contract in relation to any Block with Sonangol and the Government and their respective representatives and affiliates;
- (b) any negotiations with Sonangol and the Government and their respective representatives and affiliates in relation to the potential award to Cobalt or its Affiliates of any Block; and
- (c) the establishment by Cobalt and its Affiliates of its business and operations in the Republic of Angola.

4.2 The services to be provided pursuant to Clause 4.1 shall:

- (a) include such services and support as Cobalt may reasonably request from time to time on reasonable notice to Whitton; and
- (b) be provided by Whitton through the services of Mr John Kennedy and such other employees or representatives of Whitton as Cobalt may from time to time approve for such purpose.

4.3 Cobalt acknowledges that Whitton may encounter practical impediments in the performance of the Services, including failure by Sonangol and/or the Government to attend meetings when arranged or to respond to correspondence in a timely manner. Except as prevented by such impediments, Whitton shall:

- (a) perform the Services with due diligence, with all reasonable skill and care, and in compliance with all applicable laws and regulations;
- (b) act in, and use its best efforts to promote and protect, the interests of Cobalt and in accordance with the reasonable directions and instructions of Cobalt to the extent that such directions or instructions are not in conflict with the other provisions of this Agreement;
- (c) use its best efforts to devote to the Services such of its and its employees' and representatives' time, attention and resources as may be reasonable and necessary for the proper performance of the Services; and
- (d) keep Cobalt fully informed as to Whitton's progress in performance of the Services and give to Cobalt such information regarding the provision of Services and such information obtained by Whitton in the course of performing the Services as Cobalt may reasonably require.

4.4 Whitton shall immediately disclose to Cobalt any conflict which arises between the interests of Cobalt and the interests of Whitton or of any officer, director, employee, client or customer of Whitton, or which arises as a result of any present or future appointment, employment or other interest of Whitton or its Representatives.

- 4.5 Cobalt shall reimburse Whitton in accordance with Clause 4.6 the amount (minus the amount of any value added tax or similar tax or levy recoverable by Whitton) of all travel and hotel expenses properly and reasonably incurred and documented by Whitton in the course of providing the Services; provided however that any amount in excess of ten thousand Dollars (US\$10,000) for any single expense shall only be incurred and reimbursed if Cobalt has given its prior written approval of such expense.
- 4.6 The amount of any expenses claimed by Whitton pursuant to Clause 4.5 shall be included by Whitton in an invoice submitted to Cobalt within thirty (30) days following the end of the month in which such expenses were incurred, accompanied by valid receipts and such other evidence and supporting documentation as Cobalt may require and, except where the amount of any expenses so claimed is disputed in good faith by Cobalt, Cobalt shall reimburse Whitton, by wire transfer to the Beneficiary's Account, within thirty (30) days following receipt of such invoice.
- 4.7 Cobalt shall have the right to arrange for an independent auditor of international repute, at Cobalt's sole expense, to audit the books and records (including accounting records) of Whitton which relate to the Services performed by Whitton under this Agreement, including any costs or expenses incurred by Whitton thereto, and Whitton shall ensure that any such auditor appointed by Cobalt is provided with full access to all such reports and documents.
- 4.8 Whitton shall not use, disclose to any person or exploit any Intellectual Property Right belonging to Cobalt without the prior written consent of Cobalt.

5. LIABILITY

- 5.1 Notwithstanding any other provision of this Agreement and subject to Clause 5.2, the maximum liability (including under statute, tort (including liability for negligence but excluding liability for death or personal injury), contract or otherwise) of Whitton to Cobalt in any calendar year in respect of any liabilities, losses, damages, costs and expenses incurred by Cobalt as the result of any breach of this Agreement by Whitton and the performance of the Services by Whitton shall not exceed the greater of three (3) million Dollars (\$3,000,000) and twenty-five percent (25%) of the aggregate amounts paid by Cobalt to Whitton under Clause 2 during the previous calendar year.
- 5.2 Nothing in this Agreement shall operate to limit the liability of Whitton under or in connection with Clause 7.

6. REPRESENTATIONS AND WARRANTIES OF COBALT

Cobalt warrants to the Beneficiary that:

- (a) it is duly formed and validly exists under the laws of its place of formation;
- (b) it has the power and has taken all necessary actions to enter into this Agreement, which Agreement will constitute legally binding obligations of Cobalt and will not cause Cobalt to violate any applicable law, judgement, order, permit or any other agreement, consent or instrument binding upon Cobalt; and

- (c) neither the signing and delivery nor the performance of this Agreement by Cobalt will: (i) contravene or constitute a default under any provision contained in any agreement, instrument, law, judgement, order, licence, permit or consent by which Cobalt is further affected; or (ii) cause any limitation on it or the power of its directors, whether imposed by or contained in any document which contains or establishes its constitution or in any law, order, judgement, agreement, instrument or otherwise, to be exceeded; in the case of each of (i) and (ii), which is material in the context of this Agreement.

7. REPRESENTATIONS AND WARRANTIES OF WHITTON

7.1 Whitton represents, warrants, covenants and undertakes that it, and its Affiliates, shareholders, officers, directors, employees, agents and representatives (together, the “**Representatives**”):

- (a) in performance of the Services and in the exercise of all rights and the discharge of all obligations under this Agreement, shall comply in all material respects with all applicable laws, rules, and regulations of Angola, the Bahamas, England and Wales, the United States, and of any other jurisdictions the laws of which are applicable to such Persons or their activities;
- (b) have complied and shall continue at all times to comply with:
 - (i) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on December 17, 1977, which entered into force on February 15, 1999, and the Convention’s Commentaries;
 - (ii) the United States Foreign Corrupt Practices Act of 1977, as amended from time to time; and
 - (iii) all applicable laws, rules and regulations of Angola, the Bahamas, England and Wales, or any other applicable jurisdiction, dealing with bribery, corruption or improper or illegal payments, gifts, or gratuities,

which principles, laws, rules and regulations are collectively the “**Relevant Legislation**”.

7.2 Without prejudice to the generality of Clause 7.1, Whitton represents, warrants, covenants and undertakes that it and its Representatives have not made, offered, or authorized and will not make, offer, or authorize any payment, gift, promise or anything of value or advantage, whether directly or through any other person or entity, to or for the use or benefit of any Public Official or any political party or political party official or candidate for office.

7.3 Whitton shall defend, indemnify and hold the other Party harmless from and against any and all claims, damages, losses, penalties, costs and expenses arising from or related to any breach by Whitton or any of its Representatives of this Clause 7 and such indemnity obligation shall survive termination or expiry of this Agreement.

- 7.4 Whitton shall, and undertakes that its Representatives shall: (i) maintain adequate internal controls; (ii) keep books, accounts and records that properly, fairly and accurately record and report all transactions; (iii) not maintain any off-the book accounts or record any non-existent expenditures; and (iv) not enter liabilities with incorrect identification of their object or use false documents.
- 7.5 No Party is in any way authorized to take any action on behalf of the other Party that would result in inadequate or inaccurate recording or reporting of assets, liabilities or any other transaction, or which would put the other Party in violation of the Relevant Legislation or of any other laws applicable to operations on any Block or to the rights and obligations of the other Party under this Agreement.
- 7.6 Whitton represents and warrants that there is no existing family relationship or business relationship between it or any of its Representatives and any Public Official or any political party or political party official or candidate for office in or of the Republic of Angola and agrees to promptly notify Cobalt of any such relationship that may arise during the term of this Agreement.
- 7.7 Whitton shall, and undertakes that its Representatives shall, promptly respond in reasonable detail to any reasonable inquiry from Cobalt in connection with the representations and warranties set out in this Clause 7 and shall provide such documentary support as is available and within Whitton's or its Representatives' control for such response as Cobalt may reasonably request. Cobalt and its representatives shall be reasonably entitled at any time and from time to time following reasonable written notice to Whitton to conduct audits of the books and records of Whitton and its Representatives, and to conduct discussions and interviews with the Representatives of Whitton, to confirm continued compliance by Whitton and its Representatives with the Relevant Legislation.
- 7.8 Whitton acknowledges that Cobalt may conduct, on an ongoing basis, due diligence, with respect to Whitton and its Representatives and their compliance with the Relevant Legislation, which due diligence may include, but not be limited to, conducting such number of interviews with such Representatives as Cobalt or its counsel may consider necessary or appropriate.
- 7.9 As at the Effective Date, Whitton represents and warrants that all responses provided to due diligence enquires made by Cobalt or its advisers pursuant to Clause 7.8 above are true, complete and accurate and Cobalt acknowledges that the due diligence undertaken to date in respect of the above on Whitton and its Representatives has been satisfactory.

8. ASSIGNMENT

- 8.1 Subject to the further provisions of this Clause 8, in the event that Cobalt and/or any of its Affiliates assigns to any Person all or any part of its Percentage Interest in respect of any Block, Cobalt may elect by notice in writing to Whitton:
- (a) in the instance that Cobalt and/or any of its Affiliates is transferring to such Person all of its Percentage Interest in such Block, to assign and transfer to such Person, subject to the provisions of Clause 8.2, an equivalent proportion of its rights and obligations under this Agreement; or

- (b) in the instance that Cobalt and/or any of its Affiliates is transferring to such Person only part of its Percentage Interest in such Block, to retain all rights and obligations under this Agreement, and amounts payable to Whitton by Cobalt under Clause 2 shall be calculated as though the Percentage Interest of Cobalt remains unchanged notwithstanding such assignment; or
 - (c) pay to Whitton the Cash Value as expressly agreed or determined in accordance with Clause 8.8, and on payment of such agreed Cash Value this Agreement shall terminate in respect of the relevant Block.
- 8.2
 - (a) Any assignment of the rights and obligations of Cobalt under this Agreement pursuant to Clause 8.1(a) shall be subject to: (i) the approval by Whitton of the assignee, which approval shall not be unreasonably withheld or delayed; and (ii) the execution by the Parties and the assignee of documentation giving effect to the assignment and novation of this Agreement, and to the assumption by the assignee of the applicable proportion of the rights and obligations hereunder of Cobalt, in a form approved by Whitton, which approval shall not be unreasonably withheld or delayed.
 - (b) If Whitton does not: (i) so approve of the assignee; or (ii) so approve the form of assignment and novation documentation with the assignee, Cobalt shall be obliged, if so required by Whitton, to pay the Cash Value (as agreed by the Parties or otherwise determined in accordance with Clause 8.8) to Whitton, and on payment of such agreed Cash Value this Agreement shall terminate in respect of the relevant Block.
- 8.3 Where:
 - (a) the consideration for any assignment of a Percentage Interest by Cobalt and/or any of its Affiliates consists of an interest in other oil and gas exploration and/or production assets outside or inside the Republic of Angola (the “**Substitute Assets**”) and does not consist of cash; and
 - (b) Cobalt’s obligations under this Agreement are neither transferred to the assignee pursuant to Clause 8.1(a) nor terminated in respect of the relevant Block on payment of the Cash Value in accordance with Clauses 8.1(c) and 8.2(b),

Whitton shall be entitled to submit a notice to Cobalt, not later than thirty (30) days following written notification by Cobalt to Whitton of the completion of any such assignment, seeking an interest in such Substitute Assets in substitution for its rights under this Agreement in respect of such Block (a “**Substitution Notice**”).
- 8.4 Following receipt by Cobalt of a Substitution Notice, Whitton shall retain its rights in respect of any interest in such Block retained by Cobalt (“**Remaining Interest**”) in accordance with the terms of this Agreement, but in relation to the Substitute Assets:
 - (a) the Parties shall negotiate in good faith, during a period of ninety (90) days after the date of such notice, the terms of a royalty interest to be granted to Whitton in respect of oil and/or gas produced from the Substitute Assets;

- (b) the terms of any such royalty interest shall be agreed between the Parties such as to grant to the Parties rights and obligations in respect of the Substitute Assets which are of equivalent value to and, subject to the foregoing provisions of this Clause, on equivalent terms as, their rights and obligations under this Agreement, but taking account of any continuing rights Whitton may have in respect of any Remaining Interest and the value thereof; and
 - (c) on execution by the Parties of an agreement giving effect to such royalty interest in respect of the Substitute Assets, this Agreement shall remain in force in respect of any Remaining Interest but shall not apply to the Substitute Assets and if there is no Remaining Interest, this Agreement shall terminate in respect of the relevant Block.
- 8.5 Cobalt shall promptly notify Whitton in writing of any Change of Control of Cobalt.
- 8.6 On or following a Change in Control of Cobalt, where so required by Whitton by notice in writing to Cobalt given within thirty (30) days following notice by Cobalt of such Change in Control, Cobalt will pay the Cash Value in respect of each Block (as agreed by the Parties or otherwise determined in accordance with Clause 8.8 to Whitton within thirty (30) days following such agreement or determination and this Agreement shall terminate on the date on which payment of such Cash Value is made in full to Whitton.
- 8.7 Notwithstanding anything to the contrary in this Clause 8 where any discovery of hydrocarbons has been made in any Block Cobalt may not, without the prior consent of Whitton, cause termination of this Agreement (to the extent relating to such Block) by payment of the Cash Value at any time prior to the earlier to occur of: (i) a declaration by the Contractor, pursuant to any Government Contract, that such discovery constitutes a commercial discovery and will be developed in accordance with such Government Contract; and (ii) written confirmation by Cobalt that such discovery does not constitute a commercial discovery and that Cobalt does not intend so to develop such discovery.
- 8.8 Where under this Agreement the Cash Value or the value of the Substitute Assets are required to be determined for the purposes of any payment to be made by Cobalt to Whitton:
 - (a) for a period of fifteen (15) days following notification by Cobalt to Whitton that Cobalt requires the Cash Value or the value of the Substitute Assets to be determined, the Parties shall attempt in good faith to agree the applicable Cash Value or value of the Substitute Assets; and
 - (b) if no agreement has been reached by the end of such fifteen (15) day period, any Party shall be entitled to refer the matter to an Expert as provided in Clause 15.5 for determination of the Cash Value or the value of the Substitute Assets.
- 8.9 Except in accordance with the foregoing provisions of this Clause 8, a Party may not assign any of its rights or obligations under this Agreement without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed).

9. TAXES AND COSTS

- 9.1 All payments made by Cobalt to the Beneficiary under this Agreement shall be made in full without any set-off or deduction. The Beneficiary shall be solely responsible for payment of all taxes (including withholding tax, if any) levied or assessed on it in connection with payments made to it by Cobalt pursuant to this Agreement and hereby undertakes to indemnify Cobalt and its Affiliates against any payment required to be made by any of them in respect of any taxation (including fines, penalties and interest) levied or assessed on the Beneficiary.
- 9.2 Notwithstanding Clause 9.1, if Cobalt is required by applicable law or by any Governmental Authority to withhold tax from any payment to be made to the Beneficiary under this Agreement:
- (a) Cobalt shall submit to the Beneficiary a notice stating the existence of such requirement and setting out the basis on which such withholding is required to be calculated (a **"Withholding Notice"**) and shall provide to the Beneficiary copies of any notifications or other correspondence from any Governmental Authority imposing such requirement and shall provide to the Beneficiary such other information within its possession concerning such requirement as the Beneficiary may reasonably request;
 - (b) if, within thirty (30) days following receipt of a Withholding Notice, the Beneficiary certifies to Cobalt, by notice in writing (a **"Full Payment Notice"**), that such requirement does not apply and that such withholding is not required to be made, Cobalt shall pay to the Beneficiary an amount equal to any amount withheld by Cobalt in accordance with the Withholding Notice and, subject to Clause 9.2(c), any further such payments by Cobalt to the Beneficiary shall be paid without any such withholding (or shall be increased such that the Beneficiary receives an amount calculated as if such withholding was not required);
 - (c) if the Beneficiary has not procured the provision by the Government, or a mutually acceptable and recognised tax authority, of written confirmation to Cobalt that no amounts are required to be withheld as specified in the relevant Withholding Notice, Cobalt shall be entitled to deduct from any future amount payable to the Beneficiary under this Agreement an amount equal to all amounts paid to the Beneficiary which should have been withheld in accordance with the terms of the Withholding Notice, and if all such amounts have not been deducted by the second anniversary of any Full Payment Notice, the Beneficiary shall immediately pay to Cobalt the remaining amount which has not been so deducted;
 - (d) if no Full Payment Notice is received by Cobalt from the Beneficiary within thirty (30) days following submission of a Withholding Notice, Cobalt shall be entitled to withhold tax from any payment to be made at any time to the Beneficiary in accordance with the terms of such Withholding Notice.
- 9.3 Each of the Parties shall pay its own costs and expenses (and those of its Affiliates) in connection with the negotiation and execution of this Agreement and the documents executed pursuant hereto.

10. CONFIDENTIALITY

- 10.1 Any information provided by one Party (the “**Disclosing Party**”) to any other Party (the “**Receiving Party**”) under or in connection with this Agreement (including information provided pursuant to Clause 3 and any information relating to the business or operations of Cobalt or its Affiliates which is acquired by Whitton in performance of the Services) shall be held confidential by the Receiving Party and shall not be divulged in any way to any third party without the prior written approval of the Disclosing Party, provided that the Receiving Party may, without such approval, disclose such information to:
- (a) any of its Affiliates, provided the Disclosing Party procures that such Affiliates keep the information disclosed confidential; or
 - (b) any outside professional consultants or other professional advisers consulted in connection with this Agreement, provided the Disclosing Party obtains a similar undertaking of confidentiality (but excluding this proviso) from such consultants or advisers; or
 - (c) any bank or financial institution from whom such Party is seeking or obtaining finance, provided the Disclosing Party obtains a similar undertaking of confidentiality (but excluding this proviso) from such bank or institution; or
 - (d) the extent required by any applicable law or regulation or the requirements of any recognised stock exchange on which the shares or other securities of the Disclosing Party or of any of such Party’s Affiliates are listed; or
 - (e) any court of competent jurisdiction acting in pursuance of its powers or any arbitral tribunal or expert appointed pursuant to Clause 15; or
 - (f) the extent that such information becomes public knowledge or for any other reason ceases to be confidential otherwise than through breach of this undertaking.
- 10.2 Cobalt acknowledges and agrees that the Beneficiary acts as a professional consultant to Cobalt under the terms of this Agreement and the Parties shall enter into such further or amended confidentiality undertakings as are required for compliance with the provisions of any JOA and Government Contract.

11. TERMINATION

- 11.1 This Agreement shall continue in full force and effect until the earlier of:
- (a) termination of this Agreement by written agreement of the Parties;
 - (b) termination of this Agreement by a Party on fourteen (14) days’ written notice following material breach of any obligation, representation or warranty by the other Party under this Agreement, where written notice of such breach has been given to such other Party and such breach is either not capable of being remedied or has not been remedied on the date falling thirty (30) days after the date of such notice of breach. For the avoidance of doubt, the Beneficiary shall only be deemed to be in material breach of this Agreement where it fails to

comply with the provisions of Clause 7 (Representations and Warranties), Clause 9 (Taxes and Costs) and Clause 10 (Confidentiality); or

- (c) termination by a Party on the insolvency, winding-up, liquidation or dissolution of the other Party, including on the appointment of any administrator, receiver, receiver-manager or administrative receiver (or the equivalent in any applicable jurisdiction), or on the presentation by any creditor of any application or petition for the same; provided however, in the event of the insolvency, winding up, liquidation or dissolution of Cobalt, and where in such instance, the interest of Cobalt in the Blocks still retains independent value (prospective, production or otherwise) in whole or in part, it is expressly agreed by the Parties that Whitton's interests hereunder shall be protected and maintained to the extent possible, such that in the case of the sale or otherwise of the Blocks, in the settlement of any damages, debts, collateral and/or residual value of Cobalt, to any third party, the interest of Whitton hereunder shall be recognised and considered as a non-Cobalt value component consistent with the terms and conditions of this Agreement.

11.2 Without prejudice to Clause 11.1, this Agreement shall cease to have effect in respect of any Block upon:

- (a) payment by Cobalt to Whitton of the Cash Value in respect of such Block (as agreed by the Parties or otherwise determined in accordance with Clause 8.8) pursuant to the provisions of Clause 8.5;
- (b) the termination or expiry of the Government Contract in relation to such Block (provided that, in the event of such termination or expiry, this Agreement shall not terminate in respect of such Block until all payments already required to be made by Cobalt under Clause 2 have been made to the Beneficiary), but without prejudice to any rights and obligations of the Parties in respect of any Substitute Assets pursuant to Clause 8.4.

12. MISCELLANEOUS

- 12.1 This Agreement shall not constitute, involve or require the grant, assignment or transfer by Cobalt to the Beneficiary of any right, title or interest in or under any Government Contract or JOA or otherwise entitle the Beneficiary to any rights or benefits of the Contractor thereunder.
- 12.2 No waiver by any Party of any breach of a provision of this Agreement shall be binding unless made expressly in writing. Any such waiver shall relate only to the breach to which it expressly relates and shall not apply to any subsequent or other breach.
- 12.3 Where under this Agreement the consent or approval of either Party is expressly required for any action by the other Party (other than the incurring of any cost or expense), such consent or approval shall not be unreasonably withheld, delayed or conditioned and shall be deemed to have been granted in the event that no written objection is raised by such first Party within fourteen (14) days following the receipt (where such receipt is either acknowledged by such first Party or deemed in

accordance with the provisions of Clause 13.2) of a written request for such consent or approval.

- 12.4 Nothing contained in this Agreement shall be construed or have effect as constituting any relationship of employer and employee, any agency arrangement or any partnership between Cobalt and Whitton or any of its Representatives.
- 12.5 This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the Parties.
- 12.6 This Agreement represents the entire agreement between the Parties and supersedes all statements, warranties and representations previously made by the Parties and their Affiliates and all prior negotiations, proposals, statements of intent, understandings and agreements, relating to the subject matter hereof, including the Heads of Agreement. Each Party agrees that, save as expressly set out in this Agreement, it will have no remedy in respect of any untrue representations or statements made by the other Party or its advisers (unless made fraudulently) and upon which it relied in entering into this Agreement.
- 12.7 The Parties confirm that no provision of this Agreement is intended to be enforceable by any Person who is not a party to this Agreement.
- 12.8 This Agreement may be executed in any number of counterparts but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement but all the counterparts together shall constitute one and the same agreement.
- 12.9 No amendment or variation of this Agreement shall be effective unless it is in writing (which for this purpose does not include email) signed by or on behalf of each of the Parties to this Agreement.
- 12.10 The provisions of Clauses 12, 13, 14 and 15 shall survive any termination of this Agreement as shall any other provision of this Agreement which is expressly stated so to survive.

13. NOTICES

- 13.1 Any notices given pursuant to this Agreement shall be in writing and may be given by hand at, or sent by facsimile to, or sent by email to, the appropriate address or facsimile number stated in Clause 13.3 (or such other address as may be given for the purposes of this Agreement by notice to the other Party).
- 13.2 Any such notice given as aforesaid shall be deemed to have been given at the time of delivery if delivered by hand (or on the first Business Day following the day of delivery by hand if delivery did not take place on a Business Day) or on the Business Day immediately following the day of transmission if sent by facsimile or upon receipt of confirmation from the addressee in the case of email.

13.3 The respective addresses for service are:

Beneficiary:

Caversham SA,
42 Rue du 31-December,
PO Box 6193,
Ch-1211
Geneva 6
Switzerland
Attn: Valerie Chambers

Cobalt:

Two Post Oak Central,
1980 Post Oak Blvd., Suite 1200,
Houston, Texas 77056
Fax. 713.579.9196
Attn: General Counsel

14. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of England and Wales, without reference to any choice of law principle that would result in the application of any other law.

15. DISPUTE RESOLUTION

- 15.1 Any dispute which arises between the Parties out of or in connection with this Agreement, including any question regarding its existence, validity or termination, but excluding any disputes required to be resolved in accordance with Clause 15.5, shall be referred to and finally resolved by arbitration under the rules of arbitration of the International Chamber of Commerce (the “**ICC Rules**”) which rules are deemed to be incorporated herein.
- 15.2 The seat (or legal place) of arbitration shall be London, England and notwithstanding Article 14.2 of the ICC Rules the hearings shall be held at the seat unless the Parties agree otherwise. The arbitration shall be conducted, and the award rendered, solely in the English language. The tribunal shall consist of three (3) arbitrators (the “**Tribunal**”), one to be nominated by the Party requesting arbitration as set forth in the ICC Rules (the “**Claimant**”) and one by the Party named as respondent by the Claimant as set forth in the ICC Rules (the “**Respondent**”). The Claimant and Respondent shall nominate the third arbitrator. If the Claimant and the Respondent fail to agree on the appointment of the third arbitrator within twenty (20) days of the appointment of the Respondent’s arbitrator, or if either the Claimant or the Respondent fails to nominate its own arbitrator, the ICC Court shall make such appointment.
- 15.3 Any award rendered in such arbitration shall be final and binding on the Parties hereto and any judgement may be entered thereon of any order of enforcement obtained in any courts having jurisdiction. To the maximum extent permitted by law the Parties

waive any right to refer any question of law or of fact and any right of appeal on the law and/or merits to any court.

- 15.4 Except to the extent necessary for proceedings relating to enforcement of the arbitration agreement, any order of the Tribunal, any award or other, related rights of the Parties, the fact of the arbitration, the arbitration proceeding itself, all evidence, memorials or other documents exchanged or used in the arbitration and the arbitrators' award shall be maintained in confidence by the Parties to the fullest extent permitted by applicable law. However, a violation of this covenant shall not affect the enforceability of this agreement to arbitrate or of the Tribunal's award.
- 15.5 Any dispute between Cobalt and the Beneficiary as to the amount of any payment due pursuant to Clause 2 or as to the amount of the Cash Value or as to the valuation of the Substitute Assets, and any other dispute expressly stated in this agreement to be capable of being referred to the Expert, shall be resolved by expert determination pursuant to this Clause 15.5. The Party requiring an expert to be appointed to resolve such dispute shall give notice (the "Expert Notice") to that effect to the other Party. Cobalt and Whitton shall endeavour in good faith to agree upon an internationally recognized accounting firm with experience in the international oil and gas industry (the "Expert") to be appointed for such purpose. If, within fourteen (14) days after service of the Expert Notice, Cobalt and Whitton have been unable to agree upon an Expert, either Party may request that the Expert be appointed by the ICC International Centre for Expertise. The ICC Centre for Expertise may consult such independent professional and/or technical advisors as it deems necessary in order to make an informed appointment. The Expert shall be afforded the same rights of access to books, records, accounts and documents in the possession of Cobalt and Whitton as the Parties have in respect of each other. The Expert shall be instructed to render his decision in writing not later than thirty (30) days after his appointment which, in the absence of fraud or manifest error, shall be final and binding on Cobalt and Whitton, and settlement of payment shall be made within five (5) Business Days of such decision (or such later date as is provided for payment under this Agreement). The appointed Expert shall be deemed to be acting as an expert and not as an arbitrator. The costs of the Expert shall be borne by Cobalt and Whitton in equal proportions and shall be paid in advance.