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ATTORNEY FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

IN RE	§	
	§	
ARUBA PETROLEUM, INC.	§	Case No. 16-42121
	§	
DEBTOR	§	

MOTION TO SELL PROPERTY OF THE ESTATE

**NO HEARING WILL BE CONDUCTED ON THIS MOTION UNLESS A WRITTEN OBJECTION OR REQUEST FOR HEARING IS FILED WITH THE UNITED STATES BANKRUPTCY CLERK, 660 N. CENTRAL EXPRESSWAY, THIRD FLOOR, PLANO, TEXAS 75074, WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FILING OF THIS MOTION, UNLESS THE COURT, SUA SPONTE, OR UPON TIMELY APPLICATION OF A PARTY IN INTEREST, SHORTENS OR EXTENDS THE TIME FOR FILING SUCH OBJECTION OR REQUEST FOR HEARING.**

**IF NO OBJECTION OR REQUEST FOR HEARING IS TIMELY FILED, THE MOTION SHALL BE DEEMED TO BE UNOPPOSED AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT. THE COURT RESERVES THE RIGHT TO SET ANY MATTER FOR HEARING.**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

COMES NOW, Aruba Petroleum, Inc. Debtor in the above styled and numbered cause and files this its Motion to Sell Property of the Estate (“Motion”) and would respectfully show unto the Court as follows:

1. This Court has jurisdiction over this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§1334 and 157. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. §157(b)(2)(A), (K), (M) and (O).
2. The Debtor commenced this proceeding on November 22, 2016 by filing a voluntary petition under Chapter 11 of the United States Bankruptcy Code. Since the filing of the petition, the Debtor has remained in possession of its assets and continued in operation of its business as a debtor-in-possession pursuant to 11 U.S.C. §§1107 and 1108.
3. The Debtor's business is the ownership of numerous oil & gas wells and well has maintaining an ownership interest in the wells
4. The Debtor has received an offer from USG Properties Barnett II, LLC ("Buyer") to purchase all of the Debtor's interests in the wells. Pursuant to the terms of the offer, the Debtor will also transfer its position was operator of the wells to the Buyer. The Debtor also intends to transfer certain rolling stock and equipment as defined in the agreement to the Buyer. The purchase price for the sale is Two Million Dollars (\$2,000,000). A true and correct copy of the form of Purchase Agreement is attached hereto as Exhibit A.
5. The Debtor desires to sell the asset described in the Purchase Agreement free and clear of all liens claims and encumbrances. This sale will be subject to higher and better bids.
6. There are currently no liens claims asserted against the assets being sold.

7. The Debtor believes that the sale of the assets is in the best interests of the bankruptcy estate. The Sale will allow the Debtor to realize immediate funds to allow the Debtor to file its Plan to repay all creditors on an expedited basis. Additionally, the Debtor currently expends substantial funds on administrative requirements associated with the distribution of the monthly revenues generated from the wells to more than three thousand interested parties which will be eliminated upon the sale.
8. The sale of these assets will not affect the current interest holders.

WHEREFORE, PREMISES CONSIDERED, the Debtor would request this matter be set down for an Hearing and that upon hearing, this Court enter an Order authorizing the Debtor's Sale of the Property described in the Motion, and for such other and further relief as the Debtor may show itself justly entitled.

Respectfully submitted,

Eric A. Liepins  
Eric A. Liepins, P.C.  
12770 Coit Road  
Suite 1100  
Dallas, Texas 75251  
(972) 991-5591  
(972) 991-5788 - telecopier

By:         /s/ Eric Liepins                                  
Eric A. Liepins, SBN 12338110  
PROPOSED ATTORNEY FOR DEBTOR

Certificate of Service

I hereby certify that a true and correct copy of the foregoing Motion was sent to all creditors via mail on this the 6th day of March 2017.

\_\_\_\_\_/s/ Eric Liepins \_\_\_\_\_  
Eric A. Liepins

March \_\_\_\_, 2017

Aruba Petroleum, Inc.  
Attn: Larry Poston

Re: Purchase and Sale Agreement  
Barnett Shale, Texas

Dear Mr. Poston,

This Purchase and Sale Agreement (this "Agreement"), when accepted by you by signing in the space set forth below, will set forth the terms under which **USG PROPERTIES BARNETT II, LLC**, a Delaware limited liability company ("Buyer"), agrees to purchase from **ARUBA PETROLEUM, INC.**, a Texas corporation ("Seller"), all of Seller's right, title and interest in and to the Property (as hereinafter defined), subject to the following terms and conditions. Seller and Buyer are sometimes referred to herein individually as a "Party" and collectively as the "Parties". For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the Parties enter into this Agreement and agree as follows:

**Purchase and Sale.** Buyer agrees to purchase, and Seller agree to sell, convey and assign, free and clear of all liens claims and encumbrances pursuant to 11 U.S.C. § 363, the undivided interests specified in the Stipulation (as defined below) in and to the below-described assets (such interests, the "**Property**"), subject to the terms and conditions of this Agreement and approval from the Bankruptcy Court (defined below):

- A. The oil, gas and mineral leases described in Exhibit A and any and all other leases owned by Seller covering any of the below-referenced units or fields (the "**Leases**"), insofar as they cover the lands described in Exhibit A, which lands are located in the Barnett Shale in various counties in north Texas (the "**Lands**"), together with all rights, privileges and obligations appurtenant thereto;
- B. All oil, gas and condensate wells (whether producing, not producing or abandoned), and all water source, water injection and other injection and disposal wells and systems located on the Leases or the Lands, or used in connection therewith, including without limitation those described in Exhibit B (collectively the "**Wells**"), together with all equipment, facilities, and fixtures located on or used in developing or operating the Leases, the Lands, or the Wells, or producing, storing, treating or transporting oil, gas, water, or other products or byproducts, including pipelines, flow lines, gathering systems, compressors, tank batteries, improvements, fixtures, inventory, movables and immovables now existing in connection with the Leases, the Lands or the Wells. (collectively the "**Lease Property and Equipment**");

- C. To the extent assignable or transferable, all permits, licenses, easements, rights-of-way, servitudes, surface leases, surface use agreements, and similar rights and interests applicable to or used in operating the Leases, the Lands, the Wells, or the Lease Property and Equipment (collectively the “**Permits and Easements**”);
- D. To the extent assignable or transferable, all contracts, contractual rights and software license agreements (including, without limitation, obligations and interests, insofar as they relate to the Leases, the Lands, the Wells, the Lease Property and Equipment, or the Permits and Easements) (the “**Related Contracts**”); and
- E. To the extent assignable or transferable, all other tangibles, miscellaneous interests and other assets on or used in connection with the Leases, the Lands, the Wells, the Lease Property and Equipment, or the Permits and Easements, including, but not limited to trucks, Ruggiero residence, and compressors described on Exhibit C-1 through C-3 (collectively the “**Miscellaneous Property**”), including records, files, and other data that relate to the Leases, the Lands, the Wells, the Lease Property and Equipment, the Permits and Easements, or the Related Contracts, and lease, land and well files, production records, title opinions, contract, regulatory and environmental files, and geological and geophysical information (collectively the “**Property Records**”) Further, for purposes of effectuating the conveyance pursuant to this Agreement, Seller shall specifically provide the records requested in the attached Exhibit C-4.

1. **Purchase Price.** The purchase price payable to Seller by Buyer for the Property shall be Two Million Dollars (\$2,000,000.00) subject to adjustment as provided for herein. The Purchase Price will be paid at Closing to Seller by Buyer via wire transfer into Seller’s bank account \_\_\_\_\_, at JP Morgan Chase Bank, N. A.

2. **Effective Time.** The effective time of the sale and purchase of the Property shall be February 1, 2017, at 7:00 a.m. Central time (the “**Effective Time**”).

3. **Reciprocal Representations and Warranties.** By their execution of this Agreement, Seller, as to Seller, and Buyer, as to Buyer, each represent and warrant that the following statements are true and accurate as to itself, as of the execution date of this Agreement, the Effective Time and the Closing Date:

(a) **Legal Entity Authority.** It is a corporation, limited liability company or limited partnership duly organized, validly existing and in good standing under the laws of its state of incorporation, organization or formation, is duly qualified to carry on its business in the state where the Property is located, and has all the requisite power and authority to enter into and perform this Agreement.

(b) **Requisite Approvals.** Upon execution of this Agreement, subject to Bankruptcy Court approval, it will have taken all necessary actions pursuant to its articles of incorporation, by-laws, partnership agreement, limited liability company agreement and other governing documents to fully authorize: (i) the execution and delivery of this Agreement and any transaction documents related to this Agreement; and (ii) the consummation of the transactions contemplated hereby and thereby.

(c) Validity of Obligations. This Agreement and all other transaction documents it is to execute and deliver on or before the Closing Date: (i) have been, or at Closing will be, duly executed by its authorized representatives; (ii) constitute its valid and legally binding obligations; and (iii) upon execution, are enforceable against it in accordance with their respective terms.

(d) No Violation of Contractual Restrictions. Its execution, delivery and performance of this Agreement and any transaction documents related to this Agreement do not conflict with or violate any agreement or instrument to which it is a party or by which it is bound, except any provision contained in agreements customary in the oil and gas industry relating to: (i) the preferential right to purchase all or any portion of the Property; (ii) required consents to transfer and related provisions; (iii) maintenance of uniform interest provisions; and (iv) any other third-party approvals or consents contemplated in this Agreement.

(e) No Violation of Other Restrictions. Its execution, delivery and performance of this Agreement and any transaction documents related to this Agreement do not violate any law, rule, regulation, ordinance, judgment, decree or order to which it or the Property is subject.

(f) Brokers Fees. It has not incurred any obligation for brokers, finders or similar fees for which any other Party would be liable.

(g) No Restraining Litigation. There is no action, suit, proceeding, claim or investigation by any person, entity, administrative agency or governmental body pending or, to its actual knowledge, threatened in writing against it before any court or governmental agency that seeks substantial damages in connection with, or seeks to restrain, enjoin, materially impair or prohibit the consummation of all or part of the transaction contemplated in this Agreement.

(h) Contracts. As to Seller, Seller will not do any of the following with respect to the Property from the date of execution of this Agreement until Closing: (i) enter into any new agreements or commitments affecting the property other than those related to curative work; (ii) incur any liabilities affecting the property other than in the ordinary course of business; or, (iii) release, surrender, modify or terminate all or any portion of the Subject Leases.

(i) Subject Leases. As to Seller, Seller agrees to assign to Buyer all of Seller's right, title and interest in and to (i) the lands and oil, gas and/or mineral leases as identified on Exhibits A and B and (ii) the Miscellaneous Property identified on Exhibits C-1, C-2, and C-3, together with any and all rights, privileges, hereditaments and appurtenances incident thereto. Seller warrants that it has not sold, disposed of or encumbered any of its right, title and interest in the lands, leases or wells identified on Exhibits A, B, C-1, C-2, and C-3. All royalties, rentals and other payments due under any of the Leases or the Contracts have been properly paid and all such Leases (with respect to royalties, rentals and other payments) and Contracts are in full force and effect. Other than as disclosed in Schedule 3.1, Seller has not been advised by any lessor under any Lease or by any other party to a Contract, of a breach or default by Seller or any of its Affiliates under any such Lease or Contract, except for any such claim of breach or default that has been resolved prior to the Effective Time.

Except for executory obligations under any of the Leases or the Contracts, no event has occurred or failed to occur which constitutes, or which with the giving of notice or the passage of time or both would constitute, an event of default, violation or breach under any such Lease or Contract. Other than as disclosed in Schedule 3.2, Seller has properly paid all bonuses, rentals, shut-in royalties, minimum royalties and other payments that are necessary to maintain in force its rights in and to the Leases, and has timely paid all costs and expenses incurred by Seller in connection with the Leases or Wells.

(j) Environmental Matters.

- i. As to Seller, none of the Property is the subject of any remediation, removal, cleanup, response action, claim, judgment, or enforcement action regarding any actual or alleged presence or release of Hazardous Materials that could reasonably be expected to give rise to material liability under Environmental Laws;
- ii. As of the date of this Agreement, Seller has not received written notice of any civil, criminal, or administrative action, suit, demand, claim, hearing, proceeding under any Environmental Law pending or threatened against Seller that is related to the Property or the operations on the Property, including those related to allegations of economic loss, personal injury, illness, or damage to real or personal property or the environment; and
- iii. As to Seller, there are no material uncured violations of any applicable Environmental Laws with respect to the Property and no material obligations to remediate conditions upon the Property under applicable Environmental Law (and no such obligation would arise as a result of notice or lapse of time or both).

(k) Material Contracts. Seller will provide to Buyer, at Seller's offices, all agreements and contracts, other than the Leases and this Agreement, to which Seller is a party that are attributable to or affect the Property (collectively, the "Material Contracts" and each, a "Material Contract"). Additionally Seller provides the following representations regarding each agreement and contract:

- i. any agreement(s) with any Affiliate(s) of Seller. Seller represents there are none.
- ii. any agreement(s) of Seller for the sale, exchange, or other disposition of Hydrocarbons produced from the Subject Interests that is not cancelable by Seller without penalty on not more than ninety (90) days prior written notice. Seller represents that, to the best of its knowledge, there are none.
- iii. any agreement(s) of Seller which require Seller to sell, lease, farmout, or otherwise dispose of any of its interests in any of the Subject Interests after the Effective Date. Seller represents that, to the best of its knowledge, there are none.



- iv. any tax partnership(s) of Seller affecting any portion of the Property. Seller represents that, to the best of its knowledge, there are none.
- v. any operating agreement(s), exploration agreements, joint development agreements, unit agreements or unit operating agreements to which the Property is subject. Seller represents that to the best of its knowledge, all joint operating agreements are in effect except for the Lucille Pruett.
- vi. any purchase, farmin, participation or similar agreements to which the Property is subject. Seller represents that to the best of its knowledge, there are none except for a farmout agreement from the Moncriefs on the JM Ranch and a farmout agreement from Devon on the McClure and Petty.
- vii. any agreement(s) for the gathering, treating, processing, handling, storing or transporting of Hydrocarbons produced from the Property to which the Property is subject. Seller represents that to the best of its knowledge, all such agreements are with the Buyer except for a crude oil purchase agreement with Enterprise a copy of which shall be provided to USG prior to Closing.
- viii. other than rights to take production in kind as may be contained in any joint operating agreements to which the Property is subject, options to purchase or call on the Hydrocarbons produced from the Purchased Assets, or any production payment agreement or Hedge Contract related to the Property that will be binding on Buyer or the Property after the Closing. Seller represents that, to the best of its knowledge, there are none.
- ix. any lease(s), title retention agreement(s) or Seller Lien(s) affecting any of the Equipment. Seller represents that to, the best of its knowledge, there are none.
- x. any agreement creating an area of mutual interest with respect to the Property. Seller represents that to the best of its knowledge, there are none other than with Colt Exploration which the Parties believe has expired, and;
- xi. any agency agreements or trust agreements giving a party other than Seller control over any of the Property. Seller represents that, to the best of its knowledge, there are none.

(l) Permits. Except as set forth on Schedule 3.3, Seller possesses all material permits, licenses, orders, approvals, variances, waivers, rights, and other authorizations, required to be obtained from any governmental authority for conducting their business with respect to the Property and there are no material uncured violations of the terms and provisions of such authorizations.

(m) Suspended Funds. Seller has properly maintained the royalty suspense account on behalf of any and all royalty owners and has properly complied with all relevant statutes with respect to administration of such suspended funds. The suspense account is segregated from the funds of Seller and is being provided to Buyer in the same segregated manner and will not be calculated as part of the adjusted Purchase Price absent a shortfall as referenced below. As soon as reasonably practicable, but in no event later than the close of business two (2) Business Days after the execution of this Agreement (the “**Suspense Fund Deadline**”), Seller shall deliver to Buyer the complete Suspense Fund ledger demonstrating the names of interest owners, dates and respective amounts in suspense and a copy of the most recent Suspense Fund bank account statement.<sup>1</sup>

(n) Royalties. As of the date of this Agreement, with respect to the Wells operated by Seller and except for funds properly suspended, Seller has timely and properly paid all burdens, bonuses, delay rentals and minimum royalties due with respect to the Property, in each case in accordance with the instruments governing the payment of such amounts and applicable laws.

(o) JM Ranch. As to Buyer, Buyer will make the lease bonus payments (\$48,393.93) to the Lee Wiley Moncreif 1988 Trust upon receipt of the necessary documentation acceptable to Buyer.

4. Buyer’s Due Diligence. From the date this Agreement is executed by Buyer to the Closing Date (defined below) (the “**Due Diligence Period**”), Seller shall provide to Buyer access, during normal business hours at Seller’s offices, to its files and other information in Seller’s possession and control relating to the Property, including all title, contract, historical and current production data, suspense ledgers, and other records and documentation associated therewith. Furthermore, Seller shall specifically provide Buyer access to all accounting records and electronic accounting systems and reports relating to the Property. In addition to access to the types of records referenced above, during the Due Diligence Period, Buyer shall have the right to conduct a Phase I Environmental Test of the lands covered by the Subject Leases, and shall provide a copy of the results of such testing to Seller, free of cost. Buyer agrees to keep all information obtained or discovered during the Due Diligence Period and related to the Property strictly confidential.

5. Bankruptcy Court Approval.

(a) Seller and Buyer acknowledge that this Agreement and sale of the Property and the assumption and assignment of the Related Contracts and Leases and other interests conveyed pursuant to this Agreement are subject to approval of the U.S. Bankruptcy Court for the Eastern District of Texas (Plano) (the “**Bankruptcy Court**”). From the date of this Agreement until the completion of any auction or as otherwise directed by the Bankruptcy Court, Seller is permitted to cause its representatives to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any person (in addition to Buyer) in connection with any sale or other disposition of the Property. In addition, Seller shall be

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<sup>1</sup> As used herein, the term “Business Day” shall mean any day other than a Saturday, Sunday or “Legal Holiday” as such is defined in Rule 9006(a)(6) of the Federal Rules of Bankruptcy Procedure.

permitted to respond to any inquiries or offers to purchase all or any part of the Property (each, an “**Alternative Proposal**”), *provided that* such Person enters into a non-disclosure agreement in favor of Seller and performs any and all other acts related thereto which are required under title 11 of the United States Code or other applicable law, including supplying information relating to the Business and the assets of Sellers to prospective buyers. Within twenty-four (24) hours of Seller’s receipt of an Alternative Proposal Seller shall provide to Buyer a copy of such Alternative Proposal and any written response of Seller thereto and regularly update Buyer thereafter as to the status of any negotiations in connection therewith.

(b) From and after the execution date of this Agreement and prior to the Closing (defined below) or the termination of this Agreement as set forth below, 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 reasonable likely result) of which failure to acts is to, result in the reversal, voiding modification or staying of the Sale Order or this Agreement. If Buyer is the successful purchaser, 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.

(c) Seller shall use commercially reasonable efforts to obtain entry of the Sale Order as promptly as possible, so as to permit the Closing by no later than April 30, 2017 (the “**Outside Date**”), 2017. Buyer agrees that it will promptly take such actions as are reasonably requested by Seller to assist in obtaining the Sale Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of demonstrating that Buyer is a “good faith” Buyer under Section 363(m) of the Bankruptcy Code. Seller shall consult with Buyer and its representatives concerning any Order of the Bankruptcy Court relating to this Agreement and the Seller’s chapter 11 bankruptcy case and provide Buyer with copies of applications, pleadings, notices, proposed Orders and other documents relating to such proceedings as soon as reasonably practicable prior to any submission thereof to the Bankruptcy Court. If any Order of the Bankruptcy Court relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or re-argument shall be filed with respect to any such Order), Seller agrees to take all reasonable steps, and use its reasonable best efforts, including incurring reasonable expenses, to defend against such appeal, petition or motion, and shall use its reasonable best efforts to obtain an expedited resolution of any such appeal, petition or motion; provided, that Seller shall consult with Buyer regarding the status of any such actions and Buyer shall reasonably cooperate in such efforts. Any changes to the form of the Sale Order must be approved by Buyer. Seller further covenants and agrees that, after the Closing, the terms of any reorganization plan submitted to the Bankruptcy Court or any other court by or with the support of Seller for confirmation shall not conflict with, supersede, abrogate, nullify or restrict the terms of this Agreement, or in any way prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement.

6. **Closing.** In the event the Bankruptcy Court approves the sale contemplated herein, the closing of the transactions contemplated hereby (the “**Closing**”) shall occur at Buyer’s offices in Houston, Texas on April 1, 2017 at 10:00 a.m. Central time, or such other mutually agreed upon time, date and place. The date on which

Closing actually occurs is referred to herein as the “**Closing Date**”. At Closing, the following events shall occur, each being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) Purchase Price. Buyer will deliver the Purchase Price, as adjusted, at the Closing, which shall expressly be downwardly adjusted for any shortfall in the amounts held in suspense in favor of interest owners. In the event the shortfall in suspended funds exceed the adjusted Purchase Price, no funds will be transferred at Closing and Seller will owe Buyer such deficient amounts as necessary to properly fund the suspense account to be transferred to Buyer’s successor operator.

(b) Invoices Received After March 1, 2017. Buyer agrees that it will pay operating expenses for which Seller receives invoices after the February 2017 joint interest billings. Seller and Buyer agree that Buyer will pay for reasonable invoices properly incurred in the ordinary course of business.

(c) Warranty Deed. A Warranty Deed from Seller to Buyer conveying the recorded ownership of the property at 415 Star Shell Road, Decatur, Texas from Seller.

(d) Notice Letters. Buyer will deliver to Seller copies of the notice letters to the TCEQ executed by Eagle Ridge Operating, LLC for the sites listed on Exhibit C-5.

(e) Conveyance Instrument. Seller will execute, acknowledge and deliver to Buyer a conveyance instrument identical in form to that attached hereto as Exhibit D transferring the Property to Buyer;

(f) Records. Seller will furnish to Buyer the originals of all lease files, contract files, and well files in Seller’s possession and control associated with the Property, except for any interpretive and/or proprietary information of Seller; provided, however, that Seller shall have the right to retain, at its sole cost, copies of any such files, records and information.

(g) Waivers or Consents. Except with respect to consents and approvals that are customarily obtained after Closing, Seller shall provide, at or prior to Closing, evidence satisfactory to Buyer that all necessary third-party consents or approvals of the transactions contemplated under this Agreement or waivers of all applicable preferential rights to purchase the Subject Leases being conveyed by such Seller under this Agreement have been obtained.

(h) Escheated Funds. Seller will have properly escheated all funds in accordance with the relevant state statutes as of the Closing. Seller will deliver the balance of any properly suspended proceeds to Buyer’s successor operator.

(i) Executed P-4s. Seller will deliver executed Railroad Commission of Texas Oil and Gas Division forms P-4 to the Buyer.

7. **Termination.**

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

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

(b) by Seller or Buyer 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 the Party (or its affiliates or their respective representatives) electing to terminate this Agreement;

(c) by Seller or Buyer if (i) the Sale Order has not been entered by the Outside Date or (ii) the Closing has not occurred by the Outside Date; *provided, however*, that if Closing has not occurred by such date, but on such date all conditions to Closing set forth herein have been met or waived, then the Outside Date shall automatically be extended until the earlier of (x) thirty (30) days after such date and (y) May 31, 2017;

(d) by Buyer if Seller announces a stand-alone plan of reorganization or liquidation with respect to the Property (or supports any such plan filed by any other party)

(e) by Buyer if Seller enters into or consummates an Alternative Proposal or Buyer is not determined to be the successful purchaser of the Property;

(f) by Buyer if prior to the Closing, Seller seeks to have the Bankruptcy Court enter an order dismissing, or converting the Seller's chapter 11 case to a case under Chapter 7 of the Bankruptcy Code, or appointing a trustee in the chapter 11 case or appointing a responsible officer or an examiner with expanded powers relating to the operation of Seller's business, or such an order of dismissal, conversion or appointment is entered for any reason and is not reversed or vacated within 14 days after the entry thereof;

(g) by Buyer if Seller is in any material breach of this Agreement; or,

(h) by Buyer if the Bankruptcy Court does not authorize or approve the sale to Buyer; or

(i) by Buyer if Buyer is not the successful bidder at any auction that may occur for the Property.

7.2 Effect of Termination. In the event of termination of this Agreement pursuant to this article, all rights and obligations of the Parties under this Agreement shall terminate without any liability of any Party to the other Party; *provided, however*, that nothing

herein shall relieve any Party from liability for any willful and material breach of this Agreement prior to such termination. This provision shall expressly survive the termination of this Agreement.

7.3 Expense Reimbursement; Break-Up Fee. In consideration for Buyer having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of the Property, (i) if this Agreement is terminated pursuant to Section 7.1(c), (e), (f), (h) or (i), Seller shall pay to the Buyer the amount of \$100,000 as a break-up fee (the “**Break-Up Fee**”) plus an expense reimbursement (the “**Expense Reimbursement**”) for Buyer’s reasonable fees, costs and expenses incurred in connection with the transactions contemplated by this Agreement through the date of termination in an aggregate amount not to exceed \$100,000. Promptly following the execution of this Agreement, Seller shall file with the Bankruptcy Court such pleadings as may be necessary to have the Break-Up Fee and Expense Reimbursement approved as administrative expenses of the Seller’s chapter 11 case, payable immediately upon termination of this Agreement under section 7.1(c), (f) or (h), or upon the consummation of an Alternative Proposal as a result of this Agreement being terminated under section 7.1(e) or (i).

8. Miscellaneous.

(a) Expenses. All fees, costs and expenses incurred by Seller or Buyer in negotiating this Agreement or in consummating the transactions contemplated hereby shall be paid by the Party incurring same.

(b) Further Assurances. From time to time after Closing, the Parties shall execute, acknowledge (where appropriate) and deliver to each other such further instruments, and take such other action, as may be reasonably requested in order to accomplish more effectively the purposes of the transactions contemplated by this Agreement.

(c) Survival. All of the covenants, agreements, representations and warranties made by the Parties in this Agreement will survive the Closing, the execution and delivery of the conveyance instrument and other instruments under this Agreement, and the transfer of the Property, and they shall not be merged into or superseded by the conveyance instrument or other documents delivered at Closing.

(d) Damages. The Parties each acknowledge and agree that Seller or Buyer may be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms, and that any breach of this Agreement by the other party may not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which Seller and Buyer may be entitled seek all

available remedies, at law or in equity. Notwithstanding anything contained in this Agreement, the Parties' liability to one another shall be limited to direct damages and shall exclude any other liability, including without limitation, liability for special, indirect, punitive or consequential damages in contract, tort, warranty, strict liability or otherwise.

(e) Notices. All communications required or permitted under this Agreement shall be in writing and addressed as set forth below. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving party charged with notice: (i) if personally delivered, when received; (ii) if sent by facsimile or electronic mail transmission, when received or delivery is confirmed via electronic receipt; (iii) if mailed, three (3) business days after mailing, certified mail, return receipt requested; or (iv) if sent by overnight courier, one (1) business day after sending. All notices shall be addressed as follows:

If to Seller:

Aruba Petroleum, Inc.  
555 Republic Drive, Ste. 505  
Plano, Texas 75074  
Attention: James L. Poston  
Telephone: (972) 312-9366  
Facsimile: (972) 312-1474  
Email: [jlp@arubapetroleum.com](mailto:jlp@arubapetroleum.com)

If to Buyer:

USG Properties Barnett II, LLC  
601 Travis Street, Suite 1900  
Houston, Texas 77002  
Attention: Kelly Walker  
Telephone: 713-951-5310  
Facsimile: (713) 751-0375  
Email: [Kelly.Walker@nexteraenergy.com](mailto:Kelly.Walker@nexteraenergy.com)

Any Party may, by written notice so delivered to the other Party, change the address or person to which delivery shall thereafter be made.

(f) Severability. It is the intent of the Parties that the provisions contained in this Agreement shall be severable. Should any provision, in whole or in part, be held invalid as a matter of law, such holding shall not affect the other portions of this Agreement, and such portions that are not invalid shall be given effect without the invalid portion.

(g) Amendments. This Agreement may be amended, modified, altered, supplemented or revoke only by written agreement signed by a duly authorized representatives of each of the Parties.

(h) Assignment. Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party, which shall not be unreasonably conditioned, delayed or withheld; provided, however, either Party may assign this Agreement to another entity that controls, is controlled by or is under common control with such Party without the necessity of obtaining the prior written consent of the other Party.

(i) Preparation of Agreement. Each Party represents, warrants and acknowledges that it has been given a reasonable period of time to consider this Agreement, and that it has thoroughly reviewed this Agreement and agreed to its terms and conditions with the advice and counsel of its own attorneys. Each Party further represents and warrants that in executing this Agreement, it did not rely, and has not relied, upon any representation or statement by any other Party (or any other Party's respective agents, representatives or attorneys)

with regard to the subject matter hereof or the effect of this Agreement, including any facts or issues that might be deemed material to its decision to enter into this Agreement, other than as specifically stated in this Agreement. Each Party further expressly warrants and represents that, before executing this Agreement, it has been fully informed by competent legal counsel of its own choosing, and/or has fully informed itself, of the terms, contents, conditions and effect of this Agreement, and that no promise or representation of any kind has been made between or among the parties hereto, except as expressly stated in this Agreement. Each Party has relied on its own judgment and/or the advice of counsel of its own choosing in making and entering into this Agreement.

(j) Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, at the Closing, Buyer shall assume and become responsible only for the Assumed Liabilities. "Assumed Liabilities" means (a) all capital or operating expenses of Seller to the extent attributable to the Property and related to periods from and after the Effective Time and (b) all liabilities arising out of Buyer's operations and/or ownership of the Property from and after the Effective Time; *provided, however*, that Assumed Liabilities shall not include any Excluded Liabilities. "Excluded Liabilities" means (a) all liabilities under, associated with or appurtenant to the Property with respect to personal injury or death to the extent arising prior to the Closing, (b) Seller taxes, (c) any liability associated with payment (or non-payment) of royalties, overriding royalties, production payments, net profits obligations, rentals, and other burdens or encumbrances to which the Property is subject that are attributable to periods before the Effective Time, (d) responsibility for the payment of Seller's portion attributable to its working interest of all capital or operating expenses related to the Property attributable to the period prior to the Effective Time, (e) liabilities arising out of Seller's operations and/or ownership of the Property prior to the Effective Time, (f) any liability associated with the maintenance of any suspense accounts for the benefit of any royalty owners with an interest in the Property prior to the Effective Time, and (g) all other liabilities of Seller other than the Assumed Liabilities. For avoidance of doubt, the currently pending Gribble litigation scheduled herein is specifically excluded as either an Assumed Liability or an Excluded Liability with no allocation of respective liability between Seller and Buyer as of the Effective Time. With respect to the currently scheduled Parr litigation, Seller agrees that it retains all liability of any nature whatsoever with respect to the costs, expenses, fees and any other consideration applicable to such lawsuit regardless of the Effective Time under this Agreement.

(k) Governing Law. This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Texas, without regard to conflicts of laws rules or principles that might direct the application of the law of another jurisdiction. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(l) Public Disclosures. Neither Seller, on the one hand, nor Buyer, on the other hand, shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other Party hereto, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of Buyer or Seller, disclosure is otherwise required by applicable law or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement. .



(m) Headings / References. The headings in this Agreement are for guidance and convenience of reference only, and shall not limit or otherwise affect any of the terms or provisions of this Agreement. References made in this Agreement, including use of a pronoun, shall be deemed to include where applicable, masculine, feminine, singular or plural, individuals, partnerships or corporations. As used in this Agreement, the term “*person*” shall mean any natural person, corporation, partnership, trust, estate or other entity.

(n) Entire Agreement. This Agreement constitutes the entire understanding between the Parties with respect to the subject matter hereof, superseding all negotiations, prior discussions, and prior agreements and understandings relating to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

(o) Counterparts / Electronic Signatures. This Agreement may be executed by Buyer and Seller in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument. Signatures exchanged by facsimile or portable document format (.pdf) shall be considered binding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

If the foregoing is acceptable, please so signify by signing in the space provided below and return one (1) fully executed document to the undersigned on or before the close of business on \_\_\_\_\_, 2017, or this Agreement shall be null and void.

Sincerely,

**USG PROPERTIES BARNETT II, LLC**

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

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

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

**ACCEPTED AND AGREED TO:**

**ARUBA PETROLEUM, INC.**

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

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

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

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

**DOCUMENT MAILED WITHOUT EXHIBITS  
SHOULD YOU NEED A COPY PLEASE CONTACT OUR OFFICE AT 972-991-5591 OR**

**EMAIL**

**[MARTHA@EALPC.COM](mailto:MARTHA@EALPC.COM)**

Thank you  
Eric A. Liepins, P.C.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION

IN RE

§

ARUBA PETROLEUM, INC.

§

Case No. 16-42121

§

DEBTOR

§

§

ORDER ON MOTION TO SELL PROPERTY OF THE ESTATE

CAME ON to be considered this day the Motion of Aruba Petroleum, Inc., Debtor to Sell Property of the Estate (“Motion”). The Court having reviewed the pleading is of the opinion the Motion is well founded and should be granted. It is accordingly,

ORDERED, ADJUDGED AND DECREED the Debtor is authorized to sell the assets set forth in the Motion, free and clear of all liens claims and encumbrances, on the terms set forth in the Purchase Agreement attached to the Motion.