SOLICITATION AND DISCLOSURE STATEMENT FOR THE JOINT CHAPTER 11 PLAN OF REORGANIZATION OF

NGR Holding Company LLC
New Gulf Resources, LLC
NGR Finance Corp.
NGR Texas, LLC

From Holders of the

11.75% Senior Secured Notes due 2019
10%/12% Senior Unsecured PIK Toggle Notes due 2019
Impaired General Unsecured Claims (if any)

THE DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., PREVAILING EASTERN TIME, ON [•], 2016, UNLESS EXTENDED.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY PRIME CLERK, THE VOTING AND CLAIMS AGENT, BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN. HOLDERS OF SECOND LIEN NOTES CLAIMS SHOULD REFER TO THE BALLOTS ENCLOSED FOR INSTRUCTIONS ON HOW TO VOTE ON THE PLAN OF REORGANIZATION. PLEASE NOTE THAT THE DESCRIPTION OF THE PLAN PROVIDED THROUGHOUT THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY PROVIDED FOR CONVENIENCE. IN THE CASE OF ANY INCONSISTENCY BETWEEN THE SUMMARY OF THE PLAN IN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN WILL GOVERN.[1]

The Debtors hereby solicit from Holders of the 11.75% Senior Secured Notes due 2019, the 10%/12% Senior Unsecured PIK Toggle Notes due 2019 and Impaired General Unsecured Claims the votes to accept or reject the Debtors' Plan under chapter 11 of the Bankruptcy Code. A copy of the Plan is attached hereto as **Exhibit A**.

[1] Capitalized terms used but not otherwise defined in this Disclosure Statement will have the meanings set forth in the Plan.

THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE. THIS IS NOT, AND SHALL NOT BE DEEMED, AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION WILL NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NEW GULF RESOURCES, LLC, *et al*.	)	Case No. 15-12566 (BLS)
Debtors.[2]	)	Joint Administration Pending

DISCLOSURE STATEMENT FOR THE DEBTORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION

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Dated: December 17, 2015

[2] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: NGR Holding Company LLC (1782), New Gulf Resources, LLC (1365); NGR Finance Corp. (5563) and NGR Texas, LLC (a disregarded entity for tax purposes). The Debtors' mailing address is 10441 S. Regal Boulevard, Suite 210, Tulsa, Oklahoma 74133.

NOTICE TO EMPLOYEES, TRADE CREDITORS, AND OTHER HOLDERS OF GENERAL UNSECURED CLAIMS

THE DEBTORS INTEND TO CONTINUE OPERATING THEIR BUSINESSES IN CHAPTER 11 IN THE ORDINARY COURSE OF BUSINESS AND TO SEEK TO OBTAIN THE NECESSARY RELIEF FROM THE COURT TO HONOR ITS OBLIGATIONS AND PAY ITS EMPLOYEES, TRADE CREDITORS, AND OTHER GENERAL UNSECURED CLAIMS IN FULL AND IN ACCORDANCE WITH EXISTING BUSINESS TERMS.

DISCLAIMER

IMPORTANT INFORMATION FOR YOU TO READ

THE DEADLINE TO VOTE ON THE DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE IS [•], 2016 AT 5:00 P.M. PREVAILING EASTERN TIME.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING AND CLAIMS AGENT BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

The information contained in this disclosure statement including the Exhibits annexed hereto (collectively, the "**Disclosure Statement**") is included herein for purposes of soliciting acceptances of the Joint Chapter 11 Plan of Reorganization of New Gulf Resources, LLC and its Debtor Affiliates (the "**Plan**") and may not be relied upon for any purpose other than to determine how to vote on the Plan. No person is authorized by the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation regarding this Disclosure Statement or the Plan other than as contained in this Disclosure Statement and the Exhibits annexed hereto, incorporated by reference or referred to herein, and if given or made, such information or representation may not be relied upon as having been authorized by the Debtors.

The Disclosure Statement shall not be construed to be advice on the tax, securities, financial, business, or other legal effects of the Plan as to holders of Claims against, or Equity Interests in, the Debtors, the Reorganized Debtors, or any other person. Each holder should consult with its own legal, business, financial, and tax advisors with respect to any matters concerning this Disclosure Statement, the solicitation of votes to accept the Plan, the Plan, and the transactions contemplated hereby and thereby.

The Debtors urge the holders of Claims in the Voting Classes (defined below), which are entitled to vote on the Plan, to (1) read the entire Disclosure Statement and Plan carefully; (2) consider all of the information in this Disclosure Statement, including, importantly, the risk factors described in Article XI of this Disclosure Statement; and (3) consult with your own advisors with respect to reviewing this Disclosure Statement, the Plan, and all documents that are attached to the Plan and Disclosure Statement before deciding whether to vote to accept or reject the Plan. Plan summaries and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan and the Exhibits annexed to the Plan and this Disclosure Statement. Please be advised, however, that the statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein, and holders of Claims reviewing this Disclosure Statement should not infer at the time of such review that there has not been any change in the information set forth herein since the date hereof unless so specified. *In the event of any conflict between the descriptions set forth in this Disclosure Statement and the terms of the Plan, the terms of the Plan shall govern.*

See the Risk Factors in Article XI of the Disclosure Statement for certain risks that you should carefully consider.

The financial information contained in or incorporated by reference into this Disclosure Statement has not been audited, except as specifically indicated otherwise. The Debtors' management, in consultation with their advisors, has prepared the Financial Projections (as defined below) attached hereto as Exhibit F and described in this Disclosure Statement. The Debtors' management did not prepare the projections in accordance with

Generally Accepted Accounting Principles ("**GAAP**") or International Financial Reporting Standards ("**IFRS**") or to comply with the rules and regulations of the SEC or any foreign regulatory authority. The financial projections, while presented with numerical specificity, necessarily were based on a variety of estimates and assumptions that are inherently uncertain and may be beyond the control of the Debtors' management. Important factors that may affect actual results and cause the management forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to the Debtors' businesses (including their ability to achieve strategic goals, objectives, and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors. The Debtors caution that no representations can be made as to the accuracy of these projections or to their ultimate performance compared to the information contained in the forecasts or that the forecasted results will be achieved. Therefore, the financial projections may not be relied upon as a guarantee or other assurance that the actual results will occur.

As to contested matters, existing litigation involving, or possible litigation to be brought by, or against, the Debtors, adversary proceedings, and other actions or threatened actions, this Disclosure Statement and Plan shall not constitute, or be construed as, an admission of any fact or liability, a stipulation, or a waiver, but rather as a statement made without prejudice solely for settlement purposes in accordance with Federal Rule of Evidence 408, with full reservation of rights, and is not to be used for any litigation purpose whatsoever by any person, party, or entity.

At or prior to the hearing on the Disclosure Statement, the Debtors will determine whether any Executory Contracts will be rejected. If the Debtors elect not to reject any Executory Contracts, then Class 4 will be unimpaired under the Plan and the holders of Class 4 General Unsecured Claims will not be entitled to vote to accept the Plan. If the Debtors elect to reject any Executory Contracts, then Class 4 will be impaired under the Plan, and the holders of Class 4 General Unsecured Claims will be entitled to vote to accept the Plan (in such case, the ("Impaired General Unsecured Claims").

The board of managers (or equivalent thereof, as applicable) of each of the Debtors has approved the Plan and recommends that the holders of Second Lien Notes Claims (Class 3), holders, *if any*, of Impaired General Unsecured Claims (Class 4), and holders of Subordinated PIK Notes Claims (Class 5) (collectively, the "Voting Classes") vote to accept the Plan. The Plan has been negotiated with, and has the support of, the "Ad Hoc Committee", an Ad Hoc Committee of holders of Second Lien Notes that together hold approximately 72% of the aggregate principal amount of the Second Lien Notes. This Disclosure Statement, the Plan, and the accompanying documents have been extensively negotiated with the legal and/or financial advisors to the Ad Hoc Committee. The votes on the Plan are being solicited in accordance with the Restructuring Support Agreement dated as of December 17, 2015 (as may be amended from time to time), which was executed by the Debtors and each of the members of the Ad Hoc Committee.

The Debtors intend to confirm the Plan and cause the Effective Date to occur promptly after confirmation of the Plan. There can be no assurance, however, as to when and whether confirmation of the Plan and the Effective Date actually will occur. The confirmation and effectiveness of the Plan are subject to material conditions precedent. See Section VIII.A—"**Conditions Precedent to Effectiveness**." There is no assurance that these conditions will be satisfied or waived. Procedures for distributions under the Plan are described under Section VII.F—"**Distributions Under the Plan**." Distributions will be made only in compliance with these procedures.

If the Plan is confirmed by the Court and the Effective Date occurs, all holders of Claims against, and Equity Interests in, the Debtors (including, without limitation, those holders of Claims and Equity Interests that do not submit ballots to accept or reject the Plan or that are not entitled to vote on the Plan) will be bound by the terms of the Plan and the transactions contemplated thereby.

If the financial restructuring of the indebtedness contemplated by the Plan is not approved and consummated, there can be no assurance that the Debtors will be able to effectuate an alternative restructuring or successfully emerge from its chapter 11 cases, and the Debtors may be forced into a liquidation under chapter 7 of the Bankruptcy Code or under the laws of other countries. As reflected in the Liquidation Analysis (as defined below), ***the Debtors believe that if operations are terminated and their assets are liquidated under chapter 7 of the Bankruptcy Code or otherwise, the value of the assets available for payment to creditors and interest holders would be significantly lower than the value of the distributions contemplated by and under the Plan.***

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS

As of the date of distribution, neither this Disclosure Statement nor the Plan has been filed with the United States Securities and Exchange Commission (the "SEC") or any state authority. The Plan has not been approved or disapproved by the SEC or any state securities commission and neither the SEC nor any state securities commission has passed upon the accuracy or adequacy of this Disclosure Statement or the merits of the Plan. Any representation to the contrary is a criminal offense.

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b). The securities to be issued under the Plan on or after the Effective Date will not have been the subject of a registration statement filed with the SEC under the Securities Act or any securities regulatory authority of any state under any state securities laws ("Blue Sky Laws"). The Debtors intend to rely on the exemption from the Securities Act and Blue Sky Laws registration requirements provided by section 1145(a)(1) of the Bankruptcy Code to exempt the issuance of securities issued under, or in connection with, the Plan.

Neither the Solicitation nor this Disclosure Statement constitutes an offer to sell or the solicitation of an offer to buy securities in any state or jurisdiction in which such offer or solicitation is not authorized.

See the Risk Factors in Article XI of the Disclosure Statement for certain risks that you should carefully consider.

This Disclosure Statement contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "will," "should," "could," "intend," "consider," "expect," "plan," "anticipate," "believe," "predict," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. You are cautioned that all forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. Important factors that could cause or contribute to such differences include those in Article XI: "Certain Risk Factors to be Considered," generally and in particular "Additional Factors to be Considered--Forward-Looking Statements in This Disclosure Statement." The Liquidation Analysis set forth in Exhibit F, distribution projections and other information contained herein and annexed hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Any analyses, estimates or recovery projections may or may not turn out to be accurate.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan, or any of the documents attached hereto or referenced herein, or if you have questions about the solicitation and voting process or these Chapter 11 Cases generally, please contact Prime Clerk, LLC (the "Voting Agent" and "Claims Agent" or "Prime Clerk"), by (i) calling 855-410-7361, (ii) emailing newgulfballots@primeclerk.com, or (iii) visiting cases.primeclerk.com/newgulf. Copies of this Disclosure Statement, the Plan and the other documents attached hereto can be obtained for a charge from the Bankruptcy Court's website at www.deb.uscourts.gov.

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TABLE OF EXHIBITS

THE DEBTORS HEREBY ADOPT AND INCORPORATE EACH EXHIBIT ANNEXED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

I. INTRODUCTION AND EXECUTIVE SUMMARY

NGR Holding Company LLC, a Delaware limited liability company ("**NGR Holding**"), New Gulf Resources, LLC, a Delaware limited liability company ("**New Gulf Resources**") and certain of their direct and indirect subsidiaries as chapter 11 debtors and debtors in possession (collectively, the "**Debtors**," or "**New Gulf**") in chapter 11 cases (the "**Chapter 11 Cases**") filed on December 17, 2015 (the "**Petition Date**"), submit this Disclosure Statement pursuant to section 1126 of title 11 of the United States Code (the "**Bankruptcy Code**") for use in the solicitation of votes on the Plan. A copy of the Plan is annexed as **Exhibit A** to this Disclosure Statement. **Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Plan.**

New Gulf is an independent oil and natural gas company engaged in the acquisition, development, exploration and production of oil and natural gas properties, focused primarily in the East Texas Basin. Founded in 2011, the company is headquartered in Tulsa, Oklahoma, and currently employs 55 people.

The purpose of this Disclosure Statement is to provide information of a kind, and in sufficient detail, to enable creditors of the Debtors that are entitled to vote on the Plan to make informed decisions on whether to vote to accept or reject the Plan. This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the Debtors' need to seek chapter 11 protection, significant events that are expected to occur during the Chapter 11 Cases, and the Debtors' anticipated organization, operations, and liquidity upon successful emergence from chapter 11 protection.

The Plan and this Disclosure Statement are the result of extensive and vigorous negotiations among the Debtors and the Ad Hoc Committee, a group of holders of Second Lien Notes that collectively hold in excess of 72% of the Second Lien Notes and 22% of the Subordinated PIK Notes. The culmination of such negotiations was the entry into the Restructuring Support Agreement (as may be amended from time to time, the "**Restructuring Support Agreement**"), a copy of which is attached hereto as **Exhibit B**. The Restructuring Support Agreement sets forth the material terms and conditions of the restructuring provided for in the Plan and described herein (the "**Restructuring**"). As described in more detail below, the Plan substantially deleverages the Debtors' balance sheet by converting approximately $365 million of debt under the Second Lien Notes into either 87.5% or 95% of the equity in Reorganized NGR, depending on how the holders of Subordinated PIK Notes vote on the Plan. As part of the overall settlement embodied in the Restructuring Support Agreement and the Plan, the holders of Second Lien Notes are voluntarily forgoing their right to part of the distributions under the Plan that they are otherwise entitled to receive so that the Debtors can make a distribution to Holders of Allowed Subordinated PIK Notes Claims, and Holders of Allowed General Unsecured Claims, such as trade creditors, vendors, and suppliers. ***At or prior to the hearing on this Disclosure Statement, the Debtors will determine whether any Executory Contracts will be rejected. If the Debtors elect not to reject any Executory Contracts, then Class 4 will be unimpaired under the Plan and the holders of Class 4 General Unsecured Claims will be Reinstated and not be entitled to vote to accept the Plan. If the Debtors elect to reject any Executory Contracts, then Class 4 will be impaired under the Plan and receive the treatment described below, and the holders of Class 4 General Unsecured Claims will be entitled to vote to accept the Plan (in such case, the ("Impaired General Unsecured Claims").***

The key components of the Restructuring and Plan are as follows:

- DIP financing in the amount of $75 million, the proceeds of which will be used to retire the Debtors' First Lien Credit Agreement, provide certain operational liquidity, and fund the administration of the Chapter 11 Cases. The DIP Loan Claims will be satisfied in full through a dollar-for-dollar exchange of New First Lien Notes
- Payment in full, in cash, of all Allowed Administrative Claims (other than the DIP Loan Claims), Fee Claims, Priority Tax Claims, statutory fees, Other Priority Claims, Secured Tax Claims and Other Secured Claims.
- Holders of Allowed Second Lien Notes Claims will receive their Pro Rata share of (i) 87.5% of the New Equity Interests issued as of the Effective Date (subject to the Dilution Events) and (ii) if

the class of Subordinated PIK Notes does not vote to accept the Plan, an additional 7.5% of the New Equity Interests (subject to the Dilution Events).

- In addition, each holder of an Allowed Second Lien Notes Claim shall have the opportunity to participate, on a Pro Rata basis, in a rights offering for the purchase of approximately $50 million in New First Lien Notes, in accordance with the terms and conditions set forth in the Rights Offering Procedures.
- Holders of Allowed Subordinated PIK Notes Claims will receive their Pro Rata share of (a) if the class of Subordinated PIK Notes votes in favor of the Plan, 12.5% of the New Equity Interests outstanding as of the Effective Date (subject to the Dilution Events) and (ii) if the class of Subordinated PIK Notes does not vote to accept the Plan, 5% of the New Equity Interests (subject to the same dilution).
- If the Debtors elect not to reject any Executory Contracts, then General Unsecured Credit Claims will be unimpaired under the Plan and paid in full or reinstated. If the Debtors elect to reject any Executory Contracts, then General Unsecured Claims will be impaired under the Plan and receive their Pro Rata share of the cash in the Trade Creditor Recovery Fund.
- NGR Holding Equity Interests shall be cancelled and discharged and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and holders of NGR Holding Equity Interests shall not receive or retain any property under the Plan on account of such NGR Holding Equity Interests.
- Issuance of the New First Lien Notes, the proceeds of which will be used (i) to satisfy in full all DIP Loan Claims, (ii) to pay all restructuring fees and costs and other payments required under the Plan, and (iii) for working capital and general corporate purposes on and after the Effective Date.

The Debtors and the other parties to the Restructuring Support Agreement believe that the prearranged restructuring contemplated by the Plan is in the best interests of all stakeholders. This is because the Plan:

- achieves a substantial deleveraging of the Debtors' balance sheet through consensus with the overwhelming majority of the holders of Second Lien Notes, while also providing the capital necessary to continue to operate in an optimal fashion;
- provides for a reduction of approximately $43 million of the Debtors' pre-Restructuring annual interest burden on previously funded debt;
- provides $135.25 million of new financing in the form of the New First Lien Notes; and
- eliminates potential disruptions to operations—and thus deterioration of value—that could otherwise result from protracted and contentious bankruptcy cases.

Importantly, the Debtors would not be able to implement the Restructuring and achieve these benefits without the support of the Ad Hoc Committee. The Plan embodies a settlement with the holders of the Second Lien Notes as part of an expeditious restructuring. This avoids certain potential litigation that could decrease value for all stakeholders and substantially delay (and possibly derail) the restructuring process. The significant support obtained by the Debtors pursuant to the Restructuring Support Agreement provides a fair and reasonably certain path for an expeditious consummation of the Plan and the preservation of New Gulf's ordinary course of business.

Additionally, as described in Article VII.E herein, the Plan provides for certain releases of Claims against, among others, the Debtors, the Reorganized Debtors, the parties to the Restructuring Support Agreement, the DIP Agent and Lenders, the Second Lien Notes Indenture Trustees, the Ad Hoc Committee and each of their professionals, employees, officers, and directors.

FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS THERETO IN THEIR ENTIRETY. IF ANY

INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. ALL EXHIBITS TO THIS DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification of Claims for voting purposes and the tabulation of votes. The statements contained in this Disclosure Statement are made only as of the date hereof unless otherwise specified, and there can be no assurance that the statements contained herein will be correct at any time hereafter. All creditors should also carefully read Article XI of this Disclosure Statement—"**Certain Risk Factors to be Considered**"—before voting to accept or reject the Plan.

The debtors believe that implementation of the plan is in the best interests of the debtors, their estates, and all stakeholders. For all of the reasons described in this disclosure statement, ***the debtors urge you to return your ballot accepting the plan by the voting deadline (i.e., the date by which your ballot must be actually received), which is [•], 2016 at 5:00 p.m. (prevailing eastern time).***

II. OVERVIEW OF THE PLAN

This section II provides a summary overview of the Plan. ***Holders of Claims entitled to vote on the Plan are strongly encouraged to read the Plan itself in its entirety.*** The Plan is attached to this Disclosure Statement as **Exhibit A**.

The Plan establishes a comprehensive classification of Claims and Equity Interests.[3] The following table summarizes the classification and treatment of Claims and Equity Interests against each Debtor under the Plan and the estimated distributions to be received by the holders of Allowed Claims under the Plan thereunder. Amounts assumed for purposes of projected recoveries are estimates only; actual recoveries received under the Plan may differ materially from the projected recoveries.

The summaries in this table are qualified in their entirety by the description of the treatment of such Claims in Article III of the Plan. All claims and interests against a particular Debtor are placed in classes for each of the Debtors (as designated by subclasses a through d for each of the 4 Debtors). Specifically, such subclasses represent Claims against and Equity Interests in the Debtors as follows:

Class	Claim or Interest	Treatment of Allowed Claims	Voting Rights	Projected Plan Recovery
1	Other Priority Claims	Except to the extent that a holder of an Allowed Other Priority Claim and the Debtors (with the consent of the Requisite Supporting Noteholders) agree in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive (i) payment in Cash in an amount equal to such Allowed Other Priority Claim as soon as practicable after the later of (a) the Effective Date and (b) thirty days after the date when such Other Priority Claim becomes an Allowed Other Priority Claim or (ii) such other treatment, as determined by the Debtors (with the prior written consent of the Requisite Supporting Noteholders), that will render it Unimpaired pursuant to section 1124 of the Bankruptcy Code.	Unimpaired / Deemed to Accept	100%
2	Other Secured Claims	Except to the extent that a holder of an Allowed Other Secured Claim and the Debtors (with the prior written consent of the	Unimpaired / Deemed to	100%

[3] In accordance with section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims, Priority Tax Claims, U.S. Trustee Fees and Fee Claims.

		Requisite Supporting Noteholders) agree in writing to less favorable treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for such Other Secured Claim, each holder of an Allowed Other Secured Claim shall, as determined by the Debtors (with the prior written consent of the Requisite Supporting Noteholders), receive (i) Cash in an amount equal to such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim, if such interest is required to be paid pursuant to sections 506(b) and/or 1129(a)(9) of the Bankruptcy Code, as soon as practicable after the later of (a) the Effective Date, and (b) thirty days after the date such Other Secured Claim becomes an Allowed Other Secured Claim, (ii) the Collateral securing its Allowed Other Secured Claim as soon as practicable after the later of (a) the Effective Date and (b) thirty days after the date such Other Secured Claim becomes an Allowed Other Secured Claim, or (iii) such other treatment, as determined by the Debtors (with the consent of the Requisite Supporting Noteholders that will render it Unimpaired pursuant to section 1124 of the Bankruptcy Code.	Accept	
3	Second Lien Notes Claims	In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Second Lien Notes Claim, , each holder of an Allowed Second Lien Notes Claim will be entitled to receive its Pro Rata share of: (i) on the Effective Date, 87.5% of the New Equity Interests that are issued and outstanding as of the Effective Date (subject to dilution by the Dilution Events); (ii) the Rights, subject to and in accordance with the Rights Offering Procedures; and (iii) on the Effective Date, if and only if the class of Subordinated PIK Notes Claims does not vote to accept the Plan, an additional 7.5% of the New Equity Interests (subject to dilution by the Dilution Events).	Impaired / Entitled to Vote	12%[4]
4	General Unsecured Claims[5]	At or prior to the hearing on the Disclosure Statement, the Debtors shall determine whether receive the treatment provided for in subsection (i) or subsection (ii) of this paragraph below. (i) In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Claim, on the Effective Date, each holder of an Allowed General Unsecured Claim shall, and only to the extent such holder's Allowed General Unsecured Claim was not previously paid, have its Allowed General Unsecured Claim Reinstated as an obligation of the applicable Reorganized Debtor, and be paid in accordance with its ordinary course terms.	Impaired / Unimpaired[6]	100%[7]

[4] For the avoidance of doubt, the projected recovery for holders of Second Lien Notes Claims (1) assumes that Class 5 (Subordinated PIK Notes Claims) votes in favor of the Plan and (2) does not include any recovery attributable to the right of holders of Second Lien Notes Claims to participate in the Rights Offering.

[5] At December 15, 2015, the Company's accounts payable was approximately $4.2 million on a consolidated basis. The Company's accounts payable balances fluctuate from month to month depending upon business activity and other factors. The Debtors estimate Class 4 General Unsecured Claims in the range of approximately $10 million (exclusive of damages that may be allowed if certain executory contracts are rejected). If certain contracts are rejected the estimated amount of Class 4 General Unsecured Claims that may be allowed will increase materially.

[6] At or prior to the hearing on the Disclosure Statement, the Debtors shall determine whether any Executory Contracts will be rejected. The treatment of Class 4 will vary depending on the Debtors' election, as set forth in more detail below.

[7] The projected recovery for General Unsecured Claims assumes that no Executory Contracts will be rejected

		(ii) In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Claim, as soon as practicable after the later of (a) the Effective Date, and (b) thirty days after the date such General Unsecured Claim becomes an Allowed Claim each holder of an Allowed General Unsecured Claim shall, and only to the extent such holder's Allowed General Unsecured Claim was not previously paid, receive its Pro Rata share of the General Unsecured Creditor Recovery Fund; *provided*, *however*, that in no event shall such distribution be in excess of 100% of the amount of such holder's Allowed General Unsecured Claim.		
5	Subordinated PIK Notes Claims	In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Subordinated PIK Notes Claim, on the Effective Date, each holder of an Allowed Subordinated PIK Notes Claim will be entitled to receive: (i) if Class 5 votes to accept the Plan, its Pro Rata share of 12.5% of the New Equity Interests that are issued and outstanding as of the Effective Date (subject to dilution by the Dilution Events); or (ii) if Class 5 does not vote to accept the Plan, its Pro Rata share of 5% of the New Equity Interests that are issued and outstanding as of the Effective Date (subject to dilution by the Dilution Events).	Impaired / Entitled to Vote	4%[8]
6	Section 501 Claims	On the Effective Date, all Section 510 Claims shall be cancelled and discharged and shall be of no further force or effect, and holders of Section 510 Claims shall not receive or retain any property under the Plan on account of such Claims.	Impaired / Deemed to Reject	0%
7	Intercompany Claims	In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Intercompany Claim, on the Effective Date, each Intercompany Claim shall be Reinstated. Subject to the Restructuring Transactions, on and after the Effective Date, the Reorganized Debtors will be permitted to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan.	Unimpaired / Deemed to Accept	100%
8	Intercompany Interests	On the Effective Date, subject to the Restructuring Transactions, Intercompany Interests shall be Reinstated.	Unimpaired / Deemed to Accept	100%
9	NGR Holding Equity Interests	On the Effective Date, NGR Holding Equity Interests shall be cancelled and discharged and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and holders of NGR Holding Equity Interests shall not receive or retain any property under the Plan on account of such NGR Holding Equity Interests.	Impaired / Deemed to Reject	0%

[8] For the avoidance of doubt, the projected recovery for holders of Subordinated PIK Notes Claims assumes that Class 5 (Subordinated PIK Notes Claims) votes in favor of the Plan.

III. VOTING PROCEDURES AND REQUIREMENTS

A. Classes Entitled to Vote on the Plan

The following Classes are the only Classes entitled to vote to accept or reject the Plan (the "***Voting Classes***"):

Class	Claim	Status
3	Second Lien Notes Claims	Impaired
4	Impaired General Unsecured Claims	Impaired[9]
5	Subordinated PIK Notes Claims	Impaired

If your Claim or Equity Interest is not included in the Voting Classes, you are not entitled to vote. If your Claim is included in the Voting Classes, you should read your ballot and carefully follow the instructions included in the ballot. Please use only the ballot that accompanies the Disclosure Statement or the ballot that the Debtors, or the Voting and Claims Agent on behalf of the Debtors, otherwise provided to you.

B. Votes Required for Acceptance by a Class

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims or interests is determined by calculating the amount and, if a class of claims, the number, of claims and interests voting to accept, as a percentage of the allowed claims or interests, as applicable, that have voted. Acceptance by a class of claims requires an affirmative vote of (i) at least two-thirds in dollar amount of the total allowed claims that have voted and (ii) more than one-half in number of the total allowed claims that have voted. The Bankruptcy Code requires as a condition to confirmation of a plan of reorganization that each class that is impaired and entitled to vote under a plan votes to accept such plan, unless the plan is being confirmed under the "cram down" provisions of section 1129(b) of the Bankruptcy Code. ***Your vote on the Plan is important***.

C. Certain Factors To Be Considered Prior to Voting

There are a variety of factors that all holders of Claims entitled to vote on the Plan should consider prior to voting to accept or reject the Plan. These factors may impact recoveries under the Plan and include:

- unless otherwise specifically indicated, the financial information contained in the Disclosure Statement has not been audited and is based on an analysis of data available at the time of the preparation of the Plan and the Disclosure Statement;
- although the Debtors believe that the Plan complies with all applicable provisions of the Bankruptcy Code, the Debtors can neither assure such compliance nor that the Bankruptcy Court will confirm the Plan;
- the Debtors may request Confirmation without the acceptance of all Impaired Classes in accordance with section 1129(b) of the Bankruptcy Code; and
- any delays of either Confirmation or Consummation could result in, among other things, increased Administrative Claims and Fee Claims.

While these factors could affect distributions available to holders of Allowed Claims under the Plan, the occurrence or impact of such factors will not necessarily affect the validity of the vote of the Voting Class or necessarily require a re-solicitation of the votes of holders of Claims in such Voting Class.

[9] As noted above, if the Debtors elect not to reject any executory contracts or unexpired leases, all General Unsecured Claims will be unimpaired and Reinstated. The Debtors will make such election at or prior to the hearing on the motion to approve the Disclosure Statement.

For a discussion of certain risk factors, please refer to ARTICLE XI, entitled "*Certain Risk Factors to Be Considered,*" of this Disclosure Statement.

D. Classes Not Entitled To Vote on the Plan

Under the Bankruptcy Code, holders of claims and interests are not entitled to vote if their contractual rights are unimpaired by the proposed plan or if they will receive no property under the proposed plan on account of their claims or interests, as applicable, or are otherwise deemed to reject. Accordingly, the following Classes of Claims and Equity Interests are not entitled to vote to accept or reject the Plan:

Class	Claim or Interest	Status	Voting
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
4	General Unsecured Claims	Unimpaired[10]	Deemed to Accept
6	Section 510 Claims	Impaired	Deemed to Reject
7	Intercompany Claims	Unimpaired	Deemed to Accept
8	Intercompany Interests	Unimpaired	Deemed to Accept
9	NGR Holding Equity Interests	Impaired	Deemed to Reject

E. Cramdown

Section 1129(b) permits confirmation of a plan of reorganization notwithstanding the non-acceptance of the plan by one or more impaired classes of claims or equity interests, so long as at least one impaired class of claims or interests votes to accept a proposed plan. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class.

The Debtors intend to pursue a "cram down" of the holders of Section 510 Claims in Class 6, NGR Holding Equity Interests in Class 9, who are deemed to have rejected the Plan for the reasons described in subsection D above, the holders of Class 5 Subordinated PIK Notes Claims if they do not vote to accept the Plan, and the holders of Impaired General Unsecured Claims if they do not vote to accept the Plan.

F. Allowed Claims

Only administrative expenses and claims that are "*allowed*" may receive distributions under a chapter 11 plan. An "allowed" administrative expense, claim or equity interest means that a debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines by Final Order, that the administrative expense, claim or equity interest, including the amount thereof, is in fact a valid obligation of, or equity interest in, a debtor.

G. Impairment generally

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is "impaired" unless, with respect to each claim or interest of such class, the plan of reorganization (i) does not alter the legal, equitable or contractual rights of the holders of such claims or interests or (ii) irrespective of the holders' right to receive accelerated payment of such claims or interests after the occurrence of a default, cures all defaults (other than those arising from, among other things, the debtor's insolvency or the commencement of a bankruptcy case), reinstates the maturity of the claims or interests in the class, compensates the holders of such claims or interests for

[10] As noted above, if the Debtors elect to reject any executory contracts or unexpired leases, General Unsecured Claims will be impaired and receive the treatment described in Article II above. The Debtors will make such election at or prior to the hearing on the motion to approve the Disclosure Statement.

any damages incurred as a result of their reasonable reliance upon any acceleration rights and does not otherwise alter their legal, equitable or contractual rights.

Only holders of allowed claims or equity interests in impaired classes of claims or equity interests that receive or retain property under a proposed plan of reorganization, but are not otherwise deemed to reject the plan (such as Class 9 NGR Holding Equity Interests in these cases), are entitled to vote on such a plan. Holders of unimpaired claims or equity interests are deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Holders of claims or equity interests that do not receive or retain any property on account of such claims or equity interests are deemed to reject the plan under section 1126(g) of the Bankruptcy Code and are not entitled to vote.

H. Solicitation and Voting Process and Procedures

Each holder of a Second Lien Notes Claim, Subordinated PIK Notes Claim, or Impaired General Unsecured Claims, as applicable, as of [•], 2016 (the "**Voting Record Date**"), is entitled to vote to accept or reject the Plan and shall receive the Solicitation Package in accordance with the solicitation procedures set forth in the Disclosure Statement Motion (defined below) (the "**Solicitation Procedures**"). Except as otherwise set forth herein, the Voting Record Date and all of the Solicitation Procedures shall apply to all holders of Claims or Equity Interests and other parties in interest.

The following summarizes the procedures for voting to accept or reject the Plan. Holders of Claims in the Voting Classes under the Plan, are encouraged to review the relevant provisions of the Bankruptcy Code, Bankruptcy Rules and Solicitation Procedures and/or to consult their own attorneys.

The "Solicitation Package."

The following materials are provided to each holder of a Second Lien Note Claim, Subordinated PIK Note Claims, or Impaired General Unsecured Claims (as applicable) that is entitled to vote on the Plan:

- the applicable Ballot and voting instructions;
- the order approving the Disclosure Statement Motion (without exhibits);
- this Disclosure Statement with all exhibits including the Plan;
- a notice of the Confirmation Hearing; and
- a cover letter from the Debtors.

If you (a) did not receive a Ballot and believe you are entitled to one; (b) received a damaged Ballot; (c) lost your Ballot; (d) have any questions concerning this Disclosure Statement, the Plan, or the procedures for voting on the Plan, or the Solicitation Package you received; or (e) wish to obtain a paper copy of the Plan, this Disclosure Statement or any exhibits to such documents, **please contact Prime Clerk, LLC, the Debtors' Voting and Claims Agent, at New Gulf Balloting, c/o Prime Clerk, LLC, 830 Third Ave., 9th Floor, New York, NY 10022, by calling 855-410-7361, or by email at NewGulfballots@primeclerk.com.**

Before the deadline to object to Confirmation of the Plan, the Debtors intend to file the Plan Supplement. If the Plan Supplement is updated or otherwise modified, such modified or updated documents will be made available on the Debtors' restructuring website: cases.primeclerk.com/New Gulf. The Debtors will not distribute paper or CD-ROM copies of the Plan Supplement; however, parties may obtain a copy of the Plan Supplement by visiting the Debtors' restructuring website, *cases.primeclerk.com/New Gulf*; and/or by calling 844-241-2770 (Toll Free) or 929-342-0757 (International).

Voting Deadlines.

To be counted, your pre-validated Beneficial Holder Ballot, Ballot for Claims in Class 4 (General Unsecured Claims), if applicable, or Master Ballot must be actually received by the Voting and Claims Agent no later than:

- **[•], 2016 at 5:00 p.m**. (Prevailing Eastern Time). This is the "**Voting Deadline**." **If your pre-validated Beneficial Holder Ballot, Ballot for Claims in Class 4 (General Unsecured Claims), if applicable, or Master Ballot, is not received by the prior to the Voting Deadline, your vote will not be counted.**

Tabulation Procedures

The Debtors request that the following procedures and general assumptions be used by the Nominees in tabulating the Ballots for purposes of compiling and executing the Master Ballots and the Voting Agent in the event of receipt of pre-validated Ballots directly from Beneficial Holders or Ballots from Holders of Claims in Class 4 (General Unsecured Claims), if Impaired:

a. except as otherwise provided in the Solicitation Procedures, unless the Ballot being furnished is timely submitted on or prior to the Voting Deadline (as the same may be extended by the Debtors), the Debtors shall reject such Ballot as invalid and, therefore, shall not count it in connection with Confirmation of the Plan;

b. Prime Clerk will date all Ballots and Master Ballots when received. Prime Clerk shall retain the original Ballots and Master Ballots and an electronic copy of the same for a period of one year after the Effective Date, unless otherwise ordered by the Court;

c. except as noted above, an original executed Ballot is required to be submitted by the Entity submitting such Ballot and delivery of a Ballot to Prime Clerk by facsimile, email, or any other electronic means will not be valid;

d. no Ballot should be sent to the Debtors, the Debtors' agents (other than Prime Clerk), or the Debtors' financial or legal advisors, and if so sent will not be counted;

e. if multiple Ballots are received from the same Holder with respect to the same Claim prior to the Voting Deadline, the last properly executed Ballot timely received will be deemed to reflect such Beneficial Holder's or Holder's intent and will supersede and revoke any prior Ballot;

f. Beneficial Holders or Holders must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split any votes. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted. Further, to the extent there are multiple Claims within the same Class held by a single Beneficial Holder or Holder, the Debtors may, in their discretion, aggregate the Claims of any particular Holder within a Class for voting purposes;

g. a person signing a Ballot in his or her capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity of a Beneficial Holder or Holder of a Claim must indicate such capacity when signing;

h. the Debtors, subject to contrary order of the Court, may waive any defects or irregularities as to any particular irregular Ballot at any time, either before or after the close of voting, and any such waivers will be documented in the voting results (the "Voting Report"), which shall be filed with the Court before the agenda to be filed for the Confirmation Hearing;

i. neither the Debtors, nor any other Entity, will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification;

j. unless waived or as ordered by the Court, any defects or irregularities in connection with deliveries of Ballots must be cured prior to the Voting Deadline or such Ballots will not be counted;

k. subject to any order of the Court, the Debtors reserve the right to reject any and all Ballots not in proper form, the acceptance of which, in the opinion of the Debtors, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules; *provided*, *however*, that any such rejections will be documented in the Voting Report; and

l. the following Ballots shall not be counted in determining the acceptance or rejection of the Plan: (i) any allot that is illegible or contains insufficient information to permit the identification of the Beneficial Holder or Holder of the Claim; (ii) any Ballot that is not actually received by Prime Clerk by the Voting Deadline; (iii) any unsigned Ballot; (iv) any Ballot that does not contain an original signature; (v) any Ballot that partially rejects and partially accepts the Plan; (vi) any Ballot not marked to accept or reject the Plan or marked both to accept and reject the Plan; (vii) any Ballot superseded by a later, timely submitted valid Ballot; (viii) any improperly submitted ballot; and (ix) after the Voting Deadline, no Ballot may be withdrawn or modified without the prior written consent of the Debtors.

The following additional procedures shall apply with respect to tabulating Master Ballots:

a. votes cast by Beneficial Holders of Claims through Nominees will be applied to the applicable positions held by such Nominees as of the Record Date, as evidenced by the record and depository listings. Votes submitted by a Nominee shall not be counted in excess of the amount of public securities held by such Nominee as of the Record Date;

b. if conflicting votes or "over-votes" are submitted by a Nominee, the Voting Agent shall use reasonable efforts to reconcile discrepancies with the Nominee;

c. if over-votes are submitted by a Nominee which are not reconciled prior to the preparation of the certification of vote results, the votes to accept and to reject the Plan shall be applied in the same proportion as the votes to accept and to reject the Plan submitted by the Nominee, but only to the extent of the Nominee's Record Date position in the securities;

d. for the purposes of tabulating votes, each Beneficial Holder shall be deemed (regardless of whether such holder includes interest in the amount voted on its Ballot) to have voted only the principal amount of its securities; any principal amounts thus voted may be thereafter adjusted by the Voting Agent, on a proportionate basis to reflect the corresponding claim amount, including any accrued but unpaid prepetition interest, with respect to the securities thus voted;

e. a single Nominee may complete and deliver to the Voting Agent multiple Master Ballots. Votes reflected on multiple Master Ballots shall be counted except to the extent that they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the last properly completed Master Ballot received prior to the Voting Deadline shall, to the extent of such inconsistency, supersede any prior received Master Ballot; and

f. Except with regards to Broadridge Financial Solutions, which may deliver its Master Ballot(s) by electronic mail, delivery of a Master Ballot to Prime Clerk by facsimile, email, or any other electronic means will not be valid.

The above procedures are subject to the Debtors' ability to waive any of the above-specified requirements for completion and submission of Ballots and Master ballots in its discretion so long as such requirement is not otherwise required by the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules.

Voting Instructions.

If you are a holder of a Class 3 Second Lien Notes Claim, a Class 4 Impaired General Unsecured Claim, or Class 5 Subordinated PIK Note Holder, a Ballot is enclosed for the purpose of voting on the Plan.

If you are the record holder of Claims that are beneficially owned by another party, you may submit a separate Ballot with respect to such portion of Claims that are beneficially owned by such third party, and the vote indicated on such separate Ballot may differ from the vote indicated on Ballots submitted with respect to Claims that you beneficially own yourself or that are beneficially owned by other parties. In no event may you submit Ballots with respect to Claims in excess of the amount of Claims for which you are the record holder as of the Voting Record Date.

Please sign and complete a separate Ballot with respect to each Claim, and return your Ballot(s) in accordance with the instructions provided by your Nominee (as defined below), so that your Pre-Validated Ballot (as defined below) or the Master Ballot reflecting your vote is **received** by Prime Clerk by the Voting Deadline. Pre-Validated Ballots or Master Ballots reflecting your vote should be returned to the Debtors' voting agent, Prime Clerk, **by hand delivery, overnight courier, or first class mail** to:

New Gulf Ballot Processing
c/o Prime Clerk, LLC
830 Third Avenue, 9th Floor
New York, NY 10022

If delivery of a Ballot is by mail, it is recommended that voters use an air courier with guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery. The method of such delivery is at the election and risk of the voter.

If you are the beneficial owner of a Second Lien Note Claim or Subordinated PIK Notes Claim, please follow the directions listed on your Ballot and read the Section below titled "**Beneficial Owners of the Second Lien Notes or Subordinated PIK Notes**".

A Ballot may be withdrawn by delivering a written notice of withdrawal to the Voting Agent, so that the Voting Agent receives the notice before the Voting Deadline. In order to be valid, a notice of withdrawal must (a) specify the name of the creditor who submitted the Ballot to be withdrawn, (b) contain a description of the Claim(s) to which it relates, and (c) be signed by the creditor in the same manner as on the Ballot. The Debtors expressly reserve the right to contest the validity of any withdrawals of votes on the Plan.

After the Voting Deadline, any creditor who has timely submitted a properly completed Ballot to the Voting Agent or a Nominee (defined below), which is then timely delivered to the Voting Agent by the Voting Deadline, may change or withdraw its vote only with the approval of the Bankruptcy Court or the consent of the Debtors. If more than one timely, properly completed Ballot is received with respect to the same Claim and no order of the Bankruptcy Court allowing the creditor to change its vote has been entered before the Voting Deadline, the Ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the timely, properly-completed Ballot determined by the Voting Agent to have been received last.

Nominees are required to retain for inspection by the Court for one year following the Voting Deadline the Ballots cast by their beneficial holders.

Nominees may elect to pre-validate the Beneficial Holder Ballot (a "Pre-Validated Ballot") by (i) signing the applicable Beneficial Holder Ballot and including its DTC Participant Number, (ii) indicating on the Beneficial Holder Ballot the account number of such holder, and the principal amount of Notes held by the Nominee for such beneficial holder, and (iii) forwarding the Beneficial Holder Ballot (together with the full Solicitation Package) to the beneficial holder for voting. The beneficial holder must then complete the information requested in the Beneficial Holder Ballot (including indicating a vote to accept or reject the Plan), review the certifications contained therein, and return the Beneficial Holder Ballot directly to the Voting Agent in the pre- addressed, postage paid envelope included with the Solicitation Package so that it is actually received by the Voting Agent on or before the Voting Deadline. A list of beneficial holders to whom the Nominee sent Pre-Validated Ballots should be maintained by the Nominee for inspection for at least one year following the Voting Deadline.

Votes cast by the beneficial holders through a Nominee and transmitted by means of a Master Ballot or a Pre-Validated Ballot will be applied against the positions held by such Nominee as evidenced by the list of record holders of Notes provided by the applicable securities depository. The Debtors further propose that votes submitted by a Nominee on a Master Ballot will not be counted in excess of the position maintained by the respective Nominee on the Voting Record Date.[11]

To the extent that conflicting, double or over-votes are submitted on Master Ballots, the Voting Agent shall attempt to resolve such votes prior to the vote certification in order to ensure that the votes of beneficial holders of Notes are accurately tabulated.

To the extent that such conflicting double or over-votes are not reconcilable prior to the vote certification, the Voting Agent is directed to count votes in respect of each Master Ballot in the same proportion as the votes of the beneficial holders or entitlement holders to accept or reject the Plan submitted on such Master Ballot, but only to the extent of the applicable Nominee's position on the Voting Record Date in the Notes.

For the purposes of tabulating votes, each beneficial holder shall be deemed (regardless of whether such holder includes interest in the amount voted on its Ballot) to have voted only the principal amount of its securities; any principal amounts thus voted may be thereafter adjusted by the Voting Agent, on a proportionate basis to reflect the corresponding claim amount, including any accrued but unpaid prepetition interest, with respect to the securities this voted.

EACH BALLOT FOR HOLDERS OF CLASS 3 (SECOND LIEN NOTE CLAIMS) AND CLASS 5 (SUBORDINATED PIK NOTE CLAIMS) ADVISES HOLDERS OF CLAIMS THAT, IF THEY (1) VOTE TO REJECT THE PLAN AND (2) DO NOT ELECT TO OPT OUT OF THE RELEASE PROVISIONS CONTAINED IN ARTICLE VII OF THE PLAN, THEY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES IN ACCORDANCE WITH THE PLAN. ACCORDINGLY, IF YOU (1) VOTE TO REJECT THE PLAN AND (2) DO NOT ELECT TO OPT OUT OF THE RELEASE PROVISIONS CONTAINED IN ARTICLE VII OF THE PLAN, YOU WILL BE DEEMED TO HAVE GRANTED THE RELEASES CONTEMPLATED BY SUCH RELEASE PROVISIONS.

HOLDERS OF CLASS 3 (SECOND LIEN NOTE CLAIMS) AND CLASS 5 (SUBORDINATED PIK NOTE CLAIMS) WHO VOTE TO ACCEPT THE PLAN SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED

[11] Each Nominee will distribute the Solicitation Packages, as appropriate, in accordance with their customary practices and obtain votes to accept or reject the Plan also in accordance with their customary practices. If it is the Nominee's customary and accepted practice to submit a "voting instruction form" to the beneficial holders for the purpose of recording the beneficial holder's vote, the Nominee is authorized to send the voting information form; *provided*, *however*, that the nominee also distribute the appropriate ballot form approved by the Solicitation Procedures Order.

PARTIES IN ACCORDANCE WITH THE PLAN. EACH BALLOT FOR HOLDERS OF CLASS 3 (SECOND LIEN NOTE CLAIMS) AND CLASS 5 (SUBORDINATED PIK NOTE CLAIMS) ALSO ADVISES HOLDERS OF SUCH CLAIMS THAT, IF THEY FAIL TO RETURN A BALLOT VOTING EITHER TO ACCEPT OR REJECT THE PLAN, THEY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES IN ACCORDANCE WITH THE PLAN.

NON-VOTING CLASSES INCLUDE UNIMPAIRED CLAIMS AND EQUITY INTERESTS. UNIMPAIRED CLAIMS AND EQUITY INTERESTS ARE ALSO DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER RELEASED AND DISCHARGED ALL CLAIMS AND/OR INTERESTS AND CAUSES OF ACTION AGAINST THE RELEASED PARTIES IN ACCORDANCE WITH THE PLAN TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW. [12]

HOLDERS OF GENERAL UNSECURED CLAIMS IN CLASS 4 ARE NOT INCLUDED AMONG THE RELEASING PARTIES GRANTING RELEASES UNDER ARTICLE VII.F OF THE PLAN. ACCORDINGLY, IN THE EVENT THAT CLASS 4 BECOMES IMPAIRED AND IS ENTITLED TO VOTE ON THE PLAN, THE BALLOTS DISTRIBUTED TO HOLDERS OF CLASS 4 CLAIMS WILL NOT INCLUDE AN ELECTION THAT ALLOWS THE HOLDER TO OPT OUT OF THE RELEASES IN ARTICLE VII.F.

ANY HOLDER THAT ELECTS TO OPT OUT OF THE VOLUNTARY RELEASES SET FORTH IN ARTICLE VII.F THE PLAN SHALL NOT RECEIVE THE BENEFIT OF THE RELEASES (1) BY THE DEBTORS AS SET FORTH IN ARTICLE VII.E OF THE PLAN AND (2) BY THE HOLDERS OF OTHER CLAIMS AND EQUITY INTERESTS AS SET FORTH IN ARTICLE VII.F OF THE PLAN, AND THE DEBTORS OR REORGANIZED DEBTORS, AS THE CASE MAY BE, RESERVE ALL RIGHTS, CLAIMS AND CAUSES OF ACTION AGAINST SUCH HOLDERS, INCLUDING CLAIMS ARISING UNDER CHAPTER 5 OF THE BANKRUPTCY CODE.

Beneficial Owners of the Second Lien Notes or Subordinated PIK Notes.

If you are a beneficial owner of Second Lien Notes or Subordinated PIK Notes, please use the Ballot for beneficial owners (a "Beneficial Owner Ballot") or the customary means of transmitting your vote to your broker, dealer, commercial bank, trust company or other nominee ("Nominee") to cast your vote to accept or reject the Plan. You must return your completed Beneficial Owner Ballot or otherwise transmit your vote to your Nominee so that your Nominee will have sufficient time to complete a Ballot summarizing votes cast by beneficial owners holding securities (each a "Master Ballot"), which must be forwarded to the Voting Agent by the Voting Deadline. If your Beneficial Owner Ballot or other transmittal of your vote is not received by your Nominee with sufficient time for your Nominee to submit its Master Ballot by the Voting Deadline, your vote will not count.

If you are the Beneficial Owner of Second Lien Notes or Subordinated PIK Notes and hold them in your own name, you can vote by completing a Beneficial Owner Ballot.

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[12] Holders of NGR Equity Interests constitute the Deemed Rejecting Class, and the Debtors submit that such Holders are, therefore, not entitled to vote on the Plan. However, Holders of NGR Equity Interests will be provided with the Equity Release Consent Notice, a form on which they may elect to opt out of the Releases provided in Article VII.F of the Plan. Any Holders of NGR Equity Interests that properly and timely submits an election to opt out of the voluntary releases set forth in Article VII.F the Plan shall not receive the benefit of the releases (1) by the Debtors as set forth in Article VII.E of the Plan and (2) by the holders of other Claims and Equity Interests as set forth in Article VII.F of the Plan, and the Debtors or Reorganized Debtors, as the case may be, reserve all rights, claims and causes of action against such Holders, including claims arising under Chapter 5 of the Bankruptcy Code.

Do not return your Second Lien Notes or Subordinated PIK Notes or any other instruments or agreements that you may have with your Ballot(s).

You may receive multiple mailings of this Disclosure Statement, especially if you own Second Lien Notes and Subordinated PIK Notes, or if you own any such notes through more than one brokerage firm, commercial bank, trust company, or other nominee. If you submit more than one Ballot for a Class because you beneficially own the securities in that Class through more than one broker or bank, you must indicate in the appropriate item of the Ballot(s) the names of ALL broker-dealers or other intermediaries who hold securities for you in the same Class.

Authorized signatories voting on behalf of more than one beneficial owner must complete a separate Ballot for each such beneficial owner. Any Ballot submitted to a brokerage firm or proxy intermediary will not be counted until the brokerage firm or proxy intermediary (a) properly executes the Ballot(s) and delivers them to the Voting Agent, or (b) properly completes and delivers a corresponding Master Ballot to the Voting Agent.

By voting on the Plan, you are certifying that you are the beneficial owner of the Second Lien Notes (as of the Voting Record Date) being voted or an authorized signatory for the beneficial owner. Your submission of a Ballot will also constitute a request that you (or in the case of an authorized signatory, the beneficial owner) be treated as the record holder of those securities for purposes of voting on the Plan.

Brokerage Firms, Banks, and Other Nominees.

A brokerage firm, commercial bank, trust company, or other nominee that is the agent on behalf of a Second Lien Note or Subordinated PIK Note for a beneficial owner, or an agent therefor, or that is a participant in a securities clearing agency and is authorized to vote in the name of the securities clearing agency pursuant to an omnibus proxy and is acting for a beneficial owner, can vote on behalf of such beneficial owner by: (a)(i) distributing a copy of this Disclosure Statement and all appropriate Ballots to the beneficial owners; (ii) collecting all such Ballots; (iii) completing a Master Ballot compiling the votes and other information from the Ballots and Elections collected; and (iv) transmitting the completed Master Ballot to the Voting Agent; or (b) pre-validating the Beneficial Owner Ballot, and addressing such ballot as returnable to the Voting Agent. Nominees are directed to distribute Solicitation Packages to beneficial owner as promptly as possible, but no later than five (5) business days, following receipt.

A proxy intermediary acting on behalf of a brokerage firm or bank may follow the procedures outlined in the preceding sentence to vote on behalf of the beneficial owner. If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please contact the Voting Agent in the manner set forth above.

I. The Confirmation Hearing

Shortly after commencing the Chapter 11 Cases, the Debtors requested that the Bankruptcy Court schedule a hearing to consider confirmation of the Plan (the "**Confirmation Hearing**"), at the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), 824 Market Street North, 3rd Floor, Wilmington, Delaware 19801. The Debtors will request confirmation of the Plan, as it may be modified from time to time under section 1129(b) of the Bankruptcy Code in respect of the NGR Holding Equity Interests and, if necessary, the Subordinated PIK Notes and Impaired General Unsecured Claims, and has reserved the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

IV. COMPANY BACKGROUND

Below is a summary of the Debtors' businesses and operations. For additional details concerning the Debtors, their capital structure, and the events giving rise to these cases, please see the *Declaration of Danni Morris in Support of the Debtors' First Day Motions* [Docket No. 13].

Debtors and the background to these Chapter 11 Cases, readers are referred to the Declaration. Please see the Risk Factors in Article XI of the Disclosure Statement for certain risks that you should carefully consider.

A. An Overview of the Debtors' Business

New Gulf is an independent oil and natural gas company engaged in the acquisition, development, exploration and production of oil and natural gas properties, focused primarily in the East Texas Basin. Founded in 2011, the company is headquartered in Tulsa, Oklahoma, and currently employs 55 people.

New Gulf owns interests in approximately 77,000 net acres of oil and gas properties. The majority of this acreage was acquired by New Gulf in May 2014 when it raised more than $500 million in capital to acquire approximately 83,000 net mineral acres located in Brazos, Leon, Madison, Grimes and Walker Counties, Texas, and an associated natural gas gathering and processing system (the "**East Texas Acquisition**"). Since the East Texas Acquisition, New Gulf has selectively allowed its acreage in areas producing more natural gas to expire, while strategically seeking to increase its position in acreage producing oil. In February 2015, New Gulf sold substantially all of its gas gathering and processing infrastructure and related right-of-way to Midcoast Energy Partners L.P., an affiliate of Enbridge Energy Partners, L.P. ("**Enbridge**"), for approximately $85 million.[13]

B. Corporate Structure and History

NGR Holding is a privately held Delaware limited liability company currently managed by a five-member board of managers. Its members consist of approximately 43 unit holders plus an additional estimated 40 warrant holders. The unit holders hold approximately 58.5% of the total voting rights, with the remaining 41.5% controlled by the warrant holders (whether or not such warrants are exercised). The board is comprised of managers designated by various constituents, including the CEO, unit holders and warrant holders.

NGR Holding is the parent holding company of the other Debtors. As depicted below, NGR is the sole member of New Gulf Resources, which is in turn the sole member of NGR Texas, LLC and owns 100% of the equity interests in NGR Finance Corp. Each of the Debtors is organized under the laws of the State of Delaware. NGR Finance Corp. was formed for the sole purpose of acting as co-issuer of the Second Lien Notes (defined below).

[13] Under the Purchase and Sale Agreement with Enbridge, a portion of the cash purchase price was set aside in two separate escrow deposit accounts at closing—$14 million in a well escrow and $6 million in a litigation escrow. Each escrow is held at US Bank and US Bank is the escrow agent (in such capacity, the "Escrow Agent") . The escrow release mechanics are more fully described in the Purchase and Sale Agreement, but generally speaking, the well deposit is released to New Gulf in increments of $1 million upon each occurrence of a successful connection to the Gatherer's Facilities (as defined in the Gas Gathering, Processing and Purchase Agreement executed at closing) of a new productive gas well on or after January 1, 2015. The litigation deposit, in contrast, is being held by the Escrow Agent to secure New Gulf's post-closing indemnity obligations under Section 9.2(c) of the Purchase and Sale Agreement with respect to pending litigation between New Gulf and Energy and Exploration Partners, LLC ("ENXP"). Such litigation is more fully described below. Upon Final Resolution of Pending Litigation, a term defined in the Purchase and Sale Agreement, New Gulf shall be entitled to receive disbursement of the litigation deposit.

Prior to the Prepetition Reorganization—described below in the section of this Disclosure Statement explaining the events leading up to the commencement of the Chapter 11 Cases— New Gulf Resources was the parent entity of the Debtors' corporate enterprise.

C. The Debtors' Pre-Petition Capital Structure

The Debtors' have estimated total liabilities of more than $570 million as of the Petition Date. The Debtors' capital structure is summarized by the following table and described in more detail below:

Obligation	Priority	Amount[14]
Revolving Credit Agreement	First Lien (secured)	$38 million
Second Lien Notes	Second Lien (secured)	$365 million
Trade Creditors	Mixture of Secured and Unsecured Claims	$10 million
Subordinated PIK Notes	Unsecured and Subordinated to Second Lien Notes	$162 million
Series A Units/Series A Warrants	Equity	NA

The First Lien Credit Agreement

Prior to these cases, the Debtors maintained a reserve-based revolving credit facility, allowing New Gulf to finance drilling programs, provided credit support for its hedging program, provide letters of credit, and fund general corporate purposes. On June 12, 2014, New Gulf Resources, as borrower, and MidFirst Bank, a federally chartered savings association, as the administrative agent and L/C issuer, entered into a credit agreement (as amended, the "**First Lien Credit Agreement**"). New Gulf Resources' obligations under the First Lien Credit Agreement are guaranteed by each of its subsidiary Debtors, and are secured by a first-priority lien on all of the assets acquired in connection with the first closing of the East Texas Acquisition. MidFirst Bank also is party to an intercreditor agreement with the Second Lien Trustee as described below.

As of the Petition Date, there was approximately $38 million of indebtedness outstanding under the First Lien Credit Agreement (the "**First Lien Indebtedness**"), and the facility is fully drawn. The prepetition first lien facility bears interest at a floating rate, and for the six months ending November 30, 2015, the weighted average interest rate was 3.75%.

There are multiple defaults outstanding under the First Lien Credit Agreement, including a cross-default for failure to make an approximately $23 million semi-annual interest payment due in November 2015 for

[14] The amounts tabulated above reflect the outstanding principal amounts owed, and do not include accrued and unpaid interest, fees or prepayment premiums.

the benefit of the Second Lien Notes, as discussed in more detail below. All such defaults are the subject of the Forbearance Agreement (defined and further described below) with MidFirst Bank.

MidFirst Bank is over secured. As noted above, the First Lien Indebtedness is secured by a validly perfected first priority lien on approximately 80% of New Gulf's assets through mortgage and UCC filings. The remaining 20% of New Gulf's assets—consisting of approximately 16,000 acres (the "After-Acquired Leases")—were acquired in subsequent transactions and are not encumbered by the liens securing the First Lien Indebtedness. The Debtors, with the assistance of counsel, have undertaken an analysis of the liens securing the First Lien Indebtedness and have found no defects that would jeopardize MidFirst Bank's status as over secured.

Proceeds of the DIP Financing will be used to repay and satisfy in full all of the Debtors' obligations in respect of the First Lien Indebtedness, as well as provide operational liquidity for the duration of these cases.

Hedging Arrangements

To mitigate against fluctuations in commodity prices, from time to time New Gulf Resources, entered into hedging transactions with BP Energy Company (the "**Swap Counterparty**"), pursuant to a 2002 ISDA Master Agreement, dated May 16, 2014 (with the applicable schedule and as amended, supplemented or modified, the "**Swap Agreement**"). Relatedly, New Gulf Resources, the Swap Counterparty and MidFirst Bank are parties to an Intercreditor Agreement, dated September 3, 2014 (the "**Swap Intercreditor Agreement**"). Under the Swap Intercreditor Agreement, (i) the relative priorities of the Swap Counterparty and MidFirst Bank are established with respect to collateral securing New Gulf's obligations under the Swap Agreement and the First Lien Credit Agreement, and (ii) the Swap Counterparty appointed MidFirst Bank to serve as the collateral agent under the Swap Intercreditor Agreement. Subject to various limitations in the Swap Intercreditor Agreement, New Gulf's obligations under the Swap Agreement are secured, on a pari passu basis with the First Lien Indebtedness, up to the amount of $10 million.

As of the Petition Date, the Debtors are "in the money" with respect to all of their open positions under the Swap Agreement, and do not currently owe any amounts to the Swap Counterparty. The Debtors anticipate that these positions will close out on or before December 31, 2015 resulting in approximately $1.8 million becoming payable to the Debtors. The Debtors do not anticipate renewing their hedging program during the duration of these bankruptcy cases.

Second Lien Notes Indenture

On May 9, 2014, in connection with the funding of the East Texas Acquisition, New Gulf Resources and New Gulf Finance Corp. completed the issuance and sale of $365 million aggregate principal amount of the Senior Secured Notes at a coupon rate of 11.75% with maturity in May 2019 (the "**Second Lien Notes**"). Bank of New York Mellon Trust Company, N.A. is the trustee and collateral agent (the "**Second Lien Trustee**") under the indenture governing the Second Lien Notes (the "**Second Lien Notes Indenture**"). Interest on the Second Lien Notes is payable in cash semi-annually in arrears on May 15 and November 15 of each year. As of the Petition Date, the entire $365 million in aggregate principal amount of the Second Lien Notes remained outstanding plus accrued and unpaid interest, as well as approximately $63 million of a prepayment premium arising as a result of the commencement of these cases (the "**Second Lien Indebtedness**"). Additionally, because the Second Lien Notes have not been registered, Additional Interest (as defined in the Second Lien Indenture) of approximately 1% per annum is accruing. As further described below, the Debtors did not make a scheduled interest payment to the Second Lien Noteholders in November 2015.

The Second Lien Indebtedness is secured by a second-priority lien and is guaranteed by NGR Texas, LLC. As described below, the liens securing the Second Lien Indebtedness (the "**Second Liens**") are junior and subordinate in right and priority to the liens securing the First Lien Indebtedness (the "**First Liens**"). Like the First Liens Indebtedness, the Second Lien Indebtedness is secured by validly perfected liens on approximately 80% of the Debtors' assets, after accounting for the After-Acquired Leases. As further described below, the RSA negotiated with the Ad Hoc Committee provides for the Debtors' stipulation to the amount of the Second Lien Indebtedness (including the prepayment premium) and validity, enforceability and perfection of the liens securing

such indebtedness, as described in this paragraph, subject to a reasonable challenge period for other parties in interest.

The Intercreditor Agreement

MidFirst Bank and Second Lien Trustee are parties to an Intercreditor Agreement, dated as of June 12, 2014 (the "**Intercreditor Agreement**"). Among other things, this agreement defines the relative rights of MidFirst Bank, the Second Lien Trustee and the holders of the Second Lien Notes, including with respect to the collateral securing the First Lien Indebtedness and the Second Lien Indebtedness. Specifically, the Intercreditor Agreement provides that (i) the First Liens are senior in right, priority and perfection to any and all Second Liens and (ii) the Second Liens are junior and subordinate in right, priority and perfection to any and all First Liens.

Trade Creditors

As more fully described below and in the Debtors' Motion For Entry Of Interim And Final Orders (I) Authorizing Debtors To Pay Or Honor Prepetition And Post-Petition (A) Obligations To Holders Of Royalty Interests And Working Interests And (B) Lease Operating Expenses; And (II) Granting Related Relief (the "**Royalty Motion**") filed on the Petition Date, Debtors are the operator for a number of their oil and gas leases, most under joint operating agreements with other parties. In the ordinary course of their business, the Debtors incur numerous exploration and production-related costs and lease operating expenses—the costs associated with operating a producing well—from various third parties, including vendors, contractors, employees, subcontractors and suppliers. The costs of maintaining leases are generally shared among the participants in the joint operating agreement according to its terms. Where the Debtors serve as an operator, the Debtors generally pay all of the operating expenses and subsequently bill holders of the non-operating interests in the applicable oil and gas properties for their respective pro rata share of operating expenses, commonly called joint interest billings ("**JIBs**"), which may either be paid in cash or through deductions from the proceeds of oil and gas production distributable to the non-operating lessees and interest owners. The timing of JIB payments from non-operating working interest owners can vary, but the Debtors usually receive reimbursement within sixty days from billing.

In addition, the Debtors have royalty obligations and, subject to the terms of the applicable joint operating agreement, is also frequently responsible for marketing and selling oil and gas production and remitting to the applicable interest owner its respective share of production proceeds. In contrast, the Debtors also hold non-operating working interests in many oil and gas properties and in those circumstances, a third party acts as the operator. The Debtors' primary responsibility with respect to their non-operating working interests is to timely pay the operator for the Debtors' proportionate share of operating expenses through the JIB process.

In addition to the operating expenses the Debtors incur from their exploration and production operations—direct or indirect obligations under their joint operating agreements and their royalty obligations under their oil and gas leases and similar arrangements—the Debtors also incur obligations related to general and administrative functions that are attendant to the operation of the Debtors' businesses. Leading up to the commencement of these cases, the Debtors have stayed current on their trade and other general obligations. Nevertheless, as a result of ordinary course payment cycles in arrears, the Debtors will have prepetition obligations owed to trade and similar creditors. As of the Petition Date, the Debtors estimate that they owe approximately $10 million in the aggregate to their trade creditors, excluding amounts owed to the Subordinated PIK Noteholders. A material portion of these claims are the subject of the Royalty Motion.

Subordinated PIK Notes Indenture

On May 9, 2014, contemporaneously with the issuance of the Second Lien Notes, New Gulf Resources and NGR Finance Corp. also completed the issuance and sale of $135 million aggregate principal amount of the 10%/12% Senior Subordinated PIK Toggle Notes with maturity in November 2019 (the "**Subordinated PIK Notes**"), with the Bank of New York Mellon Trust Company, N.A., as the trustee under the Subordinated PIK Notes Indenture dated as of the same date (respectively, the "**Subordinated PIK Notes Indenture**" and the "**Subordinated PIK Notes Trustee**"). Interest on the Subordinated PIK Notes accrues, at New Gulf's option, at the rate of 10% per annum to the extent New Gulf pays interest in cash or at a rate of 12.0% per annum to the extent New Gulf pays interest by increasing the principal amount of the outstanding Subordinated PIK Notes or by issuing

Subordinate PIK Notes in a principal amount of such interest. Additionally, because the Subordinated PIK Notes have not been registered, Additional Interest (as defined in the Subordinated PIK Notes Indenture) of approximately 1% per annum is accruing on the Subordinated PIK Note indebtedness. Whether in cash or in kind, interest on the Subordinated PIK Notes is payable semi-annually in arrears on May 15 and November 15 of each year. As of the date hereof, the entire $162 million in aggregate principal amount of the Subordinated PIK Notes, plus accrued and unpaid interest, remains outstanding.

The Subordinated PIK Notes indebtedness is an unsecured and subordinated obligation of New Gulf Resources and NGR Finance Corp., and is guaranteed by NGR Texas, LLC. By the terms of the Subordinated PIK Notes indenture, Subordinated PIK Notes are junior and subordinated in right of payment and other respects to the Second Lien Indebtedness and First Lien Indebtedness.

Under the terms of the Subordinated PIK Note Indenture, in the case of any distribution or payment by the Debtors under a chapter 11 plan or otherwise in a reorganization or other insolvency proceeding, such payment or distribution must be made or turned over to the Second Lien Trustee unless and until the Second Lien Indebtedness has been indefeasibly paid in full. Notwithstanding such terms, as part of the compromise negotiated with the Ad Hoc Committee, the Plan provides for a distribution to holders of Allowed Subordinated PIK Notes Claims as described above in Article II.

Membership Interests in NGR Holding

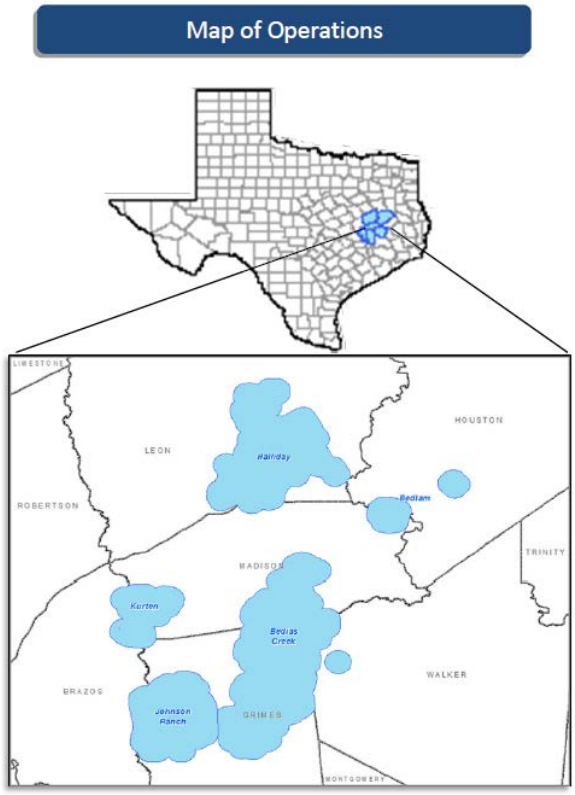
Membership interests in NGR Holding are represented by Series A Units (the "Units") and the Series A Warrants (the "Warrants," the holders thereof, together with the holders of Units, the "Members"). Under the terms of NGR Holding's operating agreement, the Members possess equal voting rights and rights to distributions upon a sale or liquidation of the company. As described further below, as a result of the Prepetition Reorganization, holders of the original Series A Warrants to purchase units in New Gulf Resources became holders of Units in NGR Holding.

D. The Debtors' Properties

As of November 2015, the Debtors' properties were producing approximately 3,500 net barrels of oil equivalents per day from 88 producing wells. The Debtors' producing oil and natural gas assets are located in the Halliday, Kurten, Bedias Creek, Johnson Ranch, and Bedlam fields. New Gulf has spent the majority of 2015 drilling outside of its more proven areas to create value by proving up the resource potential in two undeveloped areas, Bedias Creek and Johnson Ranch. New Gulf has drilled vertical wells targeting the stacked hydrocarbon bearing formations in the Bedias Creek area and most recently has begun drilling horizontal Eagle Ford wells in the Johnson Ranch Area. In addition to the Woodbine formation that makes up a significant portion of the current production in the Halliday and Kurten fields, the majority of New Gulf's properties in East Texas have drilling rights to many regionally productive and economic formations including the Subclarksville, Eagle Ford, Buda, Georgetown, Edwards and the Glen Rose formations.

In February 2015, New Gulf sold substantially all of its gas gathering and processing infrastructure and related right-of-way to Midcoast Energy Partners L.P., an affiliate of Enbridge, for approximately $85 million (the "Enbridge Sale").

A summary map of the Debtors' properties follows. A more detailed map of the Debtors' properties is attached as **Exhibit D** to the Disclosure Statement.



E. The Debtors' Strengths

Notwithstanding the need to restructure its debt and the state of its industry, New Gulf is well positioned to build on the following strengths:

- ***East Texas Basin Exposure***. The geology and the stacked-pay nature of the East Texas Basin present significant economic potential for both vertical and horizontal well development. The hydrocarbon-rich formations in which New Gulf operates present targets that provide for competitive reserve exposure, optimized development, and attractive economic returns at historic commodity prices. New Gulf has 3D seismic imaging for two areas targeted for future development in Bedias Creek and Johnson Ranch. New Gulf plans to use this scientific data to select the best well locations to find economically viable levels of hydrocarbons. The company's 2015 drilling program has confirmed the existence of hydrocarbons in all targeted formations, and New Gulf believes the data it has gathered will allow it to be successful in more consistently replicating these results.

- ***Operational Control***. New Gulf operates over 90% of its oil and gas assets. Operational control allows New Gulf to efficiently manage its operating costs, capital expenditures, and the timing, method of drilling and completion of its properties.

- ***Strong Management and Operations Team***. New Gulf has a diversified and seasoned management team with over 130 years of experience in the oil and gas industry. Specifically, the management team has served in various executive roles at such large publicly-traded oil and gas companies as Williams Energy, Chesapeake, Sandridge, EOG and Approach Resources.

After delivering its capital structure in chapter 11, New Gulf will be positioned to capitalize on the recovery of energy commodity prices based on these strengths and a well-defined strategy. New Gulf's operational

strategy is founded on creating value by proving up the resource potential and thus growing the Debtors' reserve base through the prudent development of its properties. New Gulf plans to use its 3D Seismic information as well as information gathered from the drilling done over the last 12 months to allow the company to target drilling efforts on the most promising areas. In addition to its planned development in Bedias Creek and Johnson Ranch, New Gulf will continue efforts to lower costs and increase production on its more mature producing areas of the Halliday and Kurten fields. A work-over program New Gulf began at the end of 2014 has continued to yield positive results through the increase in production and a decrease in costs. New Gulf is also in the early stages of evaluating the potential to increase production and overall recoveries in its Halliday field through an enhanced recovery technique known as water flooding.

F. Proved Reserves

Evaluation and Review of Proved Reserves. Cawley, Gillespie & Associates, Inc. ("**CG&A**"), independent reserve engineers, assesses the Debtors' proved reserve information of the Debtors' properties from time to time in accordance with generally accepted petroleum engineering and evaluation principles and definitions and guidelines established by the SEC. Based on this assessment, CG&A prepares the Debtors' year end proved reserves estimates. The Debtors believe that the technical persons responsible for preparing these reserves estimates meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Natural Gas Reserves Information promulgated by the Society of Petroleum Engineers.

The Debtors also maintain an internal staff of professionals with expertise in petroleum engineering and geoscience who work closely with independent reserve engineers to ensure the integrity, accuracy and timeliness of data furnished to CG&A in their reserves estimation process. The Debtors' internal technical team meets regularly with representatives of CG&A to review the Debtors' properties and discuss methods and assumptions used in CG&A's preparation of the reserves estimates. While the Debtors have no formal committee specifically designated to review reserves reporting and the reserves estimation process, a copy of the CG&A report was reviewed with representatives of CG&A and the Debtors' internal technical staff before the Debtors disseminated any of the information. The Debtors plan to continue these procedures for future reserve reports. Additionally, the Debtors' senior management plans to review and approve future CG&A reserve reports and any internally estimated significant changes to the Debtors' proved reserves on an annual basis.

Estimation of Proved Reserves. Proved reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations. The term "reasonable certainty" implies a high degree of confidence that the quantities of oil and/or natural gas actually recovered will equal or exceed the estimate. To achieve reasonable certainty, CG&A employs technologies consistent with the standards established by the Society of Petroleum Engineers. The estimation of reserves involves two distinct determinations. The first determination results in the estimation of the quantities of recoverable oil and natural gas and the second determination results in the estimation of the uncertainty associated with those estimated quantities in accordance with the definitions established under the SEC rules. The process of estimating the quantities of recoverable oil and natural gas reserves relies on the use of certain generally accepted analytical procedures. These analytical procedures fall into four broad categories or methods: (1) production performance-based methods; (2) material balance-based methods; (3) volumetric-based methods; and (4) analogy. These methods may be used singularly or in combination by the reserve evaluator in the process of estimating the quantities of reserves. Reserves for proved developed producing wells were estimated using production performance methods for the vast majority of properties. Certain new producing properties with very little production history were forecast using a combination of production performance and analogy to similar production, both of which are considered to provide a relatively high degree of accuracy. Non-producing reserve estimates, for developed and undeveloped properties, were forecast using either volumetric or analogy methods, or a combination of both. These methods provide a relatively high degree of accuracy for predicting proved developed non-producing and proved undeveloped reserves for the Debtors' properties, due to the mature nature of the properties targeted for development and an abundance of subsurface control data.

CG&A Reserve Report. Attached to the Disclosure Statement as **Exhibit E** is a Summary Reserve Report of CG&A, dated as of October 1, 2015, "Strip Pricing Case." This report sets for estimated total

proved reserves and forecasts of economics attributable to the Debtors' oil and gas property interests, including in respect of proved developing reserves, proved developed non-producing reserves, proved developed reserves, and proved undeveloped reserves.

G. Oil and Natural Gas Leases

The typical oil and natural gas lease agreement covering the Debtors' properties provides for the payment of royalties to the mineral owner for all oil and natural gas produced from any wells drilled on the leased premises. The lessor royalties and other leasehold burdens on the Debtors' properties generally range from 20% to 30%, resulting in a net revenue interest to the Debtors of 70% to 80%.

H. Title to Properties

As is customary in the oil and natural gas industry, the Debtors initially conduct a preliminary review of the title to the Debtors' properties. Prior to the commencement of drilling operations on those properties, the Debtors will conduct a thorough title examination and perform curative work with respect to significant defects. To the extent title opinions or other investigations reflect title defects on those properties, the Debtors will typically be responsible for curing any title defects at the Debtors' expense. The Debtors will not commence drilling operations on a property until the Debtors have cured any material title defects on such property. The Debtors will obtain title opinions on substantially all of the Debtors' producing properties and expect to have satisfactory title to the Debtors' producing properties in accordance with standards generally accepted in the oil and natural gas industry. Prior to completing an acquisition of producing oil and natural gas leases, the Debtors will perform title reviews on the most significant leases, and, depending on the materiality of the properties, the Debtors may obtain a title opinion or review previously obtained title opinions. The Debtors' oil and natural gas properties are subject to customary royalty and other interests, liens to secure borrowings, liens for current taxes, and other burdens that the Debtors believe do not materially interfere with the use or affect the carrying value of the properties.

I. Marketing and Customers

The Debtors sell the Debtors' oil production at prices tied to the spot oil markets. The Debtors sell the Debtors' natural gas production under short-term contracts and prices based on first of the month index prices or on daily spot market prices. The Debtors are currently committed under a gas gathering, processing and purchase agreement containing an annual volume commitment spanning from 3 Bcf per year to 12 Bcf per year over a 15 year period.

The Debtors normally sell production to a relatively small number of customers, as is customary in the exploration, development and production business. If a major customer decided to stop purchasing oil and natural gas from us, revenues could decline and the Debtors' operating results and financial condition could be harmed. However, based on the current demand for oil and natural gas, and the availability of other purchasers, the Debtors believe that the loss of any one or all of the Debtors' major purchasers would not have a material adverse effect on the Debtors' financial condition and results of operations, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

J. Transportation

During the initial development of the Debtors' fields, the Debtors consider all gathering and delivery infrastructure in the areas of the Debtors' production. In connection with the sale of the gathering and processing system that the Debtors acquired during the East Texas Acquisition, the Debtors agreed for a third party to gather, process and purchase the Debtors' residue gas and natural gas liquids associated with production in and around the system. Currently, the Debtors' oil is transported from the wellhead to the Debtors' tank batteries by the Debtors' gathering systems. The oil is then transported by the purchaser by truck or pipeline to a tank farm, another pipeline or a refinery.

K. Competition

The oil and natural gas industry is highly competitive and the Debtors compete with a substantial number of other companies that have greater resources than the Debtors do. Many of these companies explore for, produce and market oil and natural gas, carry on refining operations and market the resultant products on a worldwide basis. The primary areas in which the Debtors encounter substantial competition are in the Debtors' drilling and development operations and the marketing and transportation of the oil and natural gas the Debtors produce. There is also competition between producers of oil and natural gas and other industries producing alternative energy and fuel. Furthermore, competitive conditions may be substantially affected by various forms of energy legislation or regulation considered from time to time by the United States government; however, it is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon the Debtors' future operations. Such laws and regulations may, however, substantially increase the costs of exploring for, developing or producing oil and natural gas and may prevent or delay the commencement or continuation of a given operation. The effect of these risks cannot be accurately predicted.

L. Seasonal Nature of Business

Seasonal weather conditions and lease stipulations can limit the Debtors' development activities and other operations and, as a result, the Debtors seek to perform the majority of the Debtors' development during the summer months. These seasonal anomalies can pose challenges for meeting the Debtors' well development objectives and increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay the Debtors' operations.

M. Management

In connection with the filing of the Plan Supplement, the Debtors will disclose the name and compensation of the officers and directors of the Reorganized Debtors as of the Effective Date. As of the Petition Date, the key executive officers, and members of the Debtors' Board of Managers, are as follows:

Name	Title
Ralph A. Hill	Chairman and Chief Executive Officer
James S. Brown	Manager
Jeffrey Keith	Manager
Jason L. Squires	Manager
Brian J. Stark	Manager
Danni Morris	Chief Financial Officer
Craig Young	Sr. VP Drilling and Completions
Michael Brown	Sr. VP Geology and Geophysics
W.H. Kopczynsky	Sr. VP Production Operations and Engineering
Erik Feighner	VP Strategic Planning and Development
Madeline Taylor	Senior Counsel

N. Employees

As of the date of this Disclosure Statement, New Gulf has 55 employees. The company is not party to any collective bargaining agreements and has not experienced any strikes or work stoppages. New Gulf believes its relationships with its employees is good.

O. Legal Proceedings

Before the closing of the Enbridge Sale, ENXP, one of the Debtors' joint operating agreement counterparties, filed a law suit against New Gulf (but not Enbridge) in the United States District Court for the Southern District of Texas, C. A. No. 4:14-cv-03375, in relation to the Enbridge Sale. Relatedly, the terms of the Enbridge Sale provided for (i) an indemnification from New Gulf in favor of Enbridge in respect of any loss relating to the claims asserted by ENXP in such law suit and (ii) a hold back of approximately $6 million of cash proceeds from the Enbridge Sale in an escrow account to secure such indemnification obligations (the "Enbridge Escrow"). The Enbridge Escrow is held in segregated account US Bank, NA. On November 25, 2015, ENXP became the subject of an involuntary chapter 11 petition filed in the United States Bankruptcy Court for the Northern District of Texas. On December 7, 2015, ENXP consented to the order for relief and certain of its affiliates filed voluntary chapter 11 petitions in the same Court.

In addition to the above, from time to time, the Debtors are a party to ongoing legal proceedings in the ordinary course of business. The Debtors do not believe the results of these proceedings, individually or in the aggregate, will have a material adverse effect on the Debtors' business, financial condition, results of operations or liquidity.

P. Regulation and Environmental Matters

New Gulf's exploration, development and production operations are subject to various federal, state and local laws and regulations governing health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. Such regulations apply to the company's gathering and transportation operations. These laws and regulations may, among other things: require the acquisition of permits to conduct exploration, drilling and production operations; govern the amounts and types of substances that may be released into the environment in connection with oil and natural gas drilling and production; restrict the way New Gulf handles or disposes of waste; cause New Gulf to incur significant capital expenditures to install pollution control or safety related equipment operating at its facilities; limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; impose specific health and safety criteria addressing worker protection; require investigatory and remedial actions to mitigate pollution conditions caused by New Gulf's operations or attributable to former operations; and impose obligations to reclaim and abandon well sites and pits or otherwise impose substantial liabilities on New Gulf for pollution resulting from operations. Failure to comply with these laws and regulations could also subject New Gulf to substantial liabilities and may result in the assessment of substantial administrative, civil and criminal penalties, the revocation of, or refusal to grant, necessary permits, the imposition of remedial obligations and the issuance of orders enjoining some or all of its operations in affected areas.

These laws and regulations may also restrict the rate of oil and natural gas production to less than the rate that would otherwise be possible. The regulatory burden on the oil and natural gas industry increases the cost of doing business and consequently affects profitability. Environmental, health and safety laws and regulations are frequently enacted, promulgated and revised, and any changes that result in more stringent and costly requirements for the oil and natural gas industry could have a significant impact on the company's operating costs. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus any changes in environmental laws and regulations or new interpretations of enforcement policies that result in more stringent and costly waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on the company's financial condition and results of operations. New Gulf may be unable to pass on such increased compliance costs to its customers. Furthermore, New Gulf cannot provide any assurance that it will be able to remain in compliance in the future with respect to such laws and regulations or the terms and conditions of required permits or that such future compliance will not have a material adverse effect on its business and results of operations.

The following is a summary of the more significant existing environmental, health and safety laws and regulations to which the Debtors' business is subject and for which compliance may have a material adverse impact on the Debtors' capital expenditures, financial condition or results of operations. The Debtors believe that the Debtors are in substantial compliance with all existing environmental laws and regulations applicable to the Debtors' current operations and that the Debtors' continued compliance with existing requirements will not have a

material adverse impact on the Debtors' financial condition and results of operations. The Debtors have not incurred any material capital expenditures for remediation or pollution control activities, and the Debtors are not aware of any environmental issues or claims that will require material capital expenditures during 2015 or that will otherwise have a material impact on the Debtors' financial condition or results of operations in the future. However, the Debtors cannot assure you that the passage of more stringent laws and regulations in the future will not have a negative impact the Debtors' business, financial condition or results of operations.

Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)

CERCLA, also known as "Superfund," imposes joint and several liability for costs of investigation and remediation and for natural resource damages without regard to fault on certain classes of persons with respect to the release into the environment of substances designated under CERCLA as hazardous substances. These classes of persons may include the current and past owners or operators of a site where a release occurred and anyone who transported, disposed or arranged for the transport or disposal of a hazardous substance from or found at such site. CERCLA also authorizes the EPA and, in some instances, third parties to take actions in response to threats to public health or the environment and to seek to recover from responsible parties the costs of such action. Although CERCLA generally exempts "petroleum" from the definition of hazardous substance, the Debtors will generate, transport, dispose or arrange for the disposal of wastes that may fall within CERCLA's definition of hazardous substances. The Debtors may also be the owner or operator of sites on which hazardous substances have been released. To the Debtors' knowledge, neither the Debtors nor the Debtors' predecessors have been designated as a potentially responsible party (PRP) by the EPA under CERCLA. The Debtors also do not know of any prior owners or operators of the Debtors' properties that are named as PRPs related to their ownership or operation of such properties. In the event contamination is discovered at a site on which the Debtors are or have been an owner or operator or to which the Debtors sent hazardous substances, the Debtors could be liable for the costs of investigation and remediation and natural resources damages. At this time, the Debtors do not believe that the Debtors have any material liability associated with any Superfund site, and the Debtors have not been notified of any claim, liability or damages under CERCLA.

Solid and Hazardous Waste Handling

The federal Resource Conservation and Recovery Act (RCRA) regulates the generation, transportation, treatment, storage, disposal and cleanup of solid and hazardous waste. Although oil and natural gas waste generally is exempt from regulation as hazardous waste under RCRA, the Debtors will generate waste as a routine part of the Debtors' operations that may be subject to RCRA. In addition, the properties that the Debtors lease have been used for oil and natural gas exploration and production for many years. Although the Debtors believe that the Debtors and prior operators have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations, including offsite locations, where such substances have been taken for recycling or disposal. In addition, some of these properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes or hydrocarbons were not under the Debtors' control.

In addition, the Debtors are subject to regulations governing the handling, transportation, storage and disposal of wastes generated by the Debtors' activities and naturally occurring radioactive materials, or NORM, that may result from the Debtors' oil and natural gas operations. Administrative, civil and criminal fines and penalties may be imposed for noncompliance with these environmental laws and regulations.

Clean Water Act

The Clean Water Act and the regulations issued thereunder impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of produced water and other oil and natural gas wastes, into state waters and waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit. The EPA has adopted regulations requiring certain oil and natural gas exploration and production facilities to obtain permits for storm water discharges. Costs may be associated with the treatment of wastewater or developing and implementing storm water pollution prevention plans. In furtherance of the Clean Water Act, the EPA promulgated the Spill Prevention, Control, and Countermeasure

regulations, which require certain oil-storing facilities to prepare plans and meet construction and operating standards. Governmental agencies can impose administrative, civil and criminal penalties, as well as require remedial or mitigation measures, for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. While the Debtors are currently in substantial compliance with such laws and regulations, the Debtors could be liable for penalties and costs of remediation in the event of an unauthorized discharge of wastes in violation of the Clean Water Act. Finally, on May 27, 2015, EPA released a rule redefining the extent of Clean Water Act jurisdiction. This rule expands the scope of waters that are regulated under the Clean Water Act and may subject the Debtors' operations to additional regulation and permitting requirements.

The Oil Pollution Act of 1990 ("**OPA 90**") and its implementing regulations impose requirements on "responsible parties" related to the prevention of crude oil spills and related to liability for damages resulting from oil spills into or upon navigable waters, adjoining shorelines or in the exclusive economic zone of the United States. A "responsible party" under the OPA 90 may include the owner or operator of an onshore facility. The OPA 90 subjects responsible parties to strict, joint and several financial liability for removal costs and other damages, including natural resource damages, caused by an oil spill that is covered by the statute. It also imposes other requirements on responsible parties, such as the preparation of an oil spill contingency plan. Failure to comply with the OPA 90 may subject a responsible party to civil or criminal enforcement action. The Debtors may conduct operations on acreage located near, or that affects, navigable waters subject to the OPA 90. The Debtors believe that compliance with applicable requirements under the OPA 90 will not have a material adverse effect on us.

Safe Drinking Water Act (SDWA)

The SDWA and the regulations issued thereunder regulate, among other things, underground injection operations. Congress has considered legislation that, if ultimately adopted, would impose additional regulation under the SDWA upon the use of hydraulic fracturing fluids. If enacted, such legislation could impose significant new requirements on the Debtors' hydraulic fracturing operations, including permitting and financial assurance requirements, construction specifications, monitoring, reporting and recordkeeping obligations, and well plugging and abandonment requirements. These legislative proposals have also contained language to require the reporting and public disclosure of chemicals used in hydraulic fracturing. If the exemption for hydraulic fracturing is removed from the SDWA, or if other legislation is enacted at the federal, state or local level, such restrictions could have a significant impact on the Debtors' financial condition, results of operations and cash flows. In addition, the EPA has asserted federal regulatory authority over hydraulic fracturing using diesel under the SDWA's Underground Injection Control Program. The EPA issued SDWA permitting guidance for hydraulic fracturing operations involving the use of diesel fuel in fracturing fluids in those states where the EPA is the permitting authority.

Pipeline Safety Regulation

Certain of the natural gas gathering and processing operations the Debtors contract to use may be subject to pipeline safety regulation by the Texas Railroad Commission and other agencies, acting under both State law and regulatory authority delegated to the States under the federal Pipeline and Hazardous Materials Safety Administration. Increased costs to comply with current and future pipeline safety regulations could result in increased costs for the Debtors' operations.

Air Emissions

The Debtors' operations are subject to the Clean Air Act and regulations issued thereunder for the control of emissions from sources of air pollution. Such laws require existing, new and modified sources of air pollutants to obtain permits prior to commencing construction and to control emissions of hazardous or toxic air pollutants (including through the installation of expensive control equipment). They also impose various monitoring and reporting requirements. Major sources of air pollutants are subject to more stringent, federally imposed requirements including additional permits. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of identified deficiencies. Alternatively, regulatory agencies could bring lawsuits for civil or criminal penalties or require the Debtors to forego construction, modification or operation of certain air emission sources.

In 2012, EPA approved final regulations under the federal Clean Air Act that establish new air emission controls for oil and natural gas production and natural gas processing operations. Specifically, EPA's rule package includes New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds, or VOCs, and a separate set of emission standards to address hazardous air pollutants frequently associated with oil and natural gas production and processing activities. The final rule includes a 95 percent reduction in VOCs emitted by requiring the use of reduced emission completions or "green completions" on all hydraulically fractured natural gas wells constructed or refractured after January 1, 2015. The rules also establish specific new requirements regarding emissions from certain compressors, controllers, dehydrators, storage tanks and other production equipment. On August 5, 2013, the EPA issued final updates to its VOC performance standards for storage tanks used in oil or gas production. These updates seek to ensure that those tanks likely to have the highest emissions are controlled first, while providing tank owners and operators time to purchase and install VOC controls. The foregoing rules require that the Debtors install new equipment to control emissions from any natural gas wells as of January 1, 2015. Further, in 2012, seven states sued the EPA to compel the agency to make a determination as to whether issuing standards of performance limiting methane emissions from oil and gas sources is appropriate and, if so, to promulgate such standards for existing oil and gas sources. In April 2014, the EPA released a set of five white papers analyzing methane emissions from the industry, and, based on responses received, announced in January 2015 plans to propose a rule governing methane emissions from the oil and gas industry in 2015. Compliance with such rules could result in significant costs, including increased capital expenditures and operating costs, and could adversely impact the Debtors' business.

National Environmental Policy Act

Oil and natural gas exploration and production activities on federal lands may be subject to the National Environmental Policy Act (NEPA), which requires federal agencies, including the Department of Interior, to evaluate major agency actions having the potential to significantly impact the environment. In the course of such evaluations, an agency will prepare an Environmental Assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed Environmental Impact Statement that may be made available for public review and comment. All of the Debtors' current exploration and production activities, as well as proposed exploration and development plans, on federal lands require governmental permits that are subject to the requirements of NEPA. This process has the potential to delay or impose additional conditions upon the development of oil and natural gas projects.

Climate Change Legislation

In response to scientific studies suggesting that emissions of certain greenhouse gases, including carbon dioxide and methane, are contributing to the warming of the Earth's atmosphere and other climatic changes, the United States Congress has considered various legislative proposals to reduce such emissions. Congress, however, has not yet enacted comprehensive federal climate change legislation. It is not possible to predict at this time if or in what form such legislation will be enacted in the United States.

The EPA has been using its existing authority to address greenhouse gases. For example, the EPA is regulating greenhouse gas emissions from both mobile and stationary sources pursuant to its existing authority under the federal Clean Air Act. Recent greenhouse gas monitoring and reporting regulations require that facilities monitor and annually report their greenhouse gas emissions. The Debtors' oil and natural gas operations are not currently subject to these reporting requirements, but based on the Debtors' anticipated construction and development activities, the Debtors could become subject to them in the future. In January 2011, new EPA permitting requirements became effective for greenhouse gas emissions from new and modified large stationary sources. These permitting requirements do not apply to the Debtors' operations. Beyond that, the EPA is continuing to assess other potential controls on greenhouse gas emissions from oil and natural gas operations, including limits on methane from oil wells. For example, in June 2013, the Obama Administration announced its Climate Action Plan, which, among other things, directs federal agencies to develop a strategy for the reduction of methane emissions, including emissions from the oil and gas sector. Pursuant to this plan, EPA announced in January 2015 a plan to regulate methane emissions from the oil and gas sector.

Climate change is also being addressed by various courts throughout the United States. Certain of EPA's greenhouse gas rules are undergoing legal challenges and numerous other challenges are being filed by groups

seeking additional regulation of a variety of additional sources of greenhouse gas emissions. Litigants in such cases may also challenge air emissions permits that greenhouse gas emitters apply for, seek to force emitters to reduce their emissions or seek damages for alleged climate change impacts to the environment, people and property. On June 20, 2011, the U.S. Supreme Court ruled that state and private parties could not maintain federal common law nuisance actions against certain energy companies based on their alleged contributions to climate change. The Supreme Court's decision did not, however, address state law claims and litigation on these and similar issues continues. Although the Debtors are not currently a party to any climate change litigation, the Debtors are monitoring these developments.

In addition, more than half of the states, either individually or through multi-state regional initiatives, have begun to address greenhouse gas emissions, primarily through renewable energy standards or greenhouse gas cap and trade programs. Although most of the state-level initiatives have to date been focused on large sources of greenhouse gas emissions, such as electric power plants, it is possible that smaller sources could become subject to greenhouse gas-related regulation.

Some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events. If any such effects were to occur, they could have a material adverse effect on the Debtors' business and results of operations. Changes in climate due to global warming trends could adversely affect the Debtors' operations by limiting or increasing the costs associated with equipment or product supplies. In addition, flooding and adverse weather conditions could impair the Debtors' ability to operate in affected regions and materially increase the Debtors' operating and capital costs. Unusually warm winters may decrease the demand for the Debtors' oil or natural gas.

It is not possible at this time to predict what new laws or regulations may be promulgated to address greenhouse gas emissions or how such laws and regulations would impact the Debtors' business. However, the adoption and implementation of any such laws or regulations could require the Debtors to incur costs to reduce emissions of greenhouse gases associated with the Debtors' operations or could adversely affect demand for the oil and natural gas the Debtors produce. Any one of these climate change regulatory and legislative initiatives could have a material adverse effect on the Debtors' business, financial condition and results of operations.

OSHA and Other Laws and Regulations on Employee Health and Safety

The Debtors are subject to the requirements of the Occupational Safety and Health Administration (OSHA) and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. These laws require the Debtors to take various actions regarding worker safety and health, including that the Debtors maintain and provide to employees, state and local government authorities and citizens information about hazardous materials used or produced in the Debtors' operations. The Debtors believe that the Debtors are in substantial compliance with applicable OSHA requirements.

Endangered Species Act

The federal Endangered Species Act (ESA) and similar laws restrict activities that may affect endangered and threatened species or their habitats. While some of the Debtors' facilities may be located in areas that are designated as habitat for endangered or threatened species, the Debtors believe that the Debtors are in substantial compliance with the ESA. However, the designation of previously unidentified endangered or threatened species could cause the Debtors to incur additional costs or become subject to operating restrictions or bans in affected areas.

Other Regulation of the Oil and Natural Gas Industry

The oil and natural gas industry is extensively regulated by numerous federal, state and local authorities. In particular, oil and natural gas production and related operations are, or have been, subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which the Debtors own or operate properties for oil and natural gas production have statutory provisions regulating the exploration for and production of oil and natural

gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, regulation addressing the impact of hydraulic fracturing and the abandonment of wells. The Debtors' operations are also subject to various conservation laws and regulations. These include regulation of the size of drilling and spacing units or proration units, the number of wells that may be drilled in an area, the permitting of allocation wells, and the unitization or pooling of oil and natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas and impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the cost of doing business and affects profitability. We believe that we are in substantial compliance with currently applicable environmental laws and we are undertaking corrective actions where noncompliance has been identified. Where appropriate, we are developing a plan to achieve and maintain substantial compliance with such laws and regulations. Further, we believe that continued substantial compliance with existing requirements will not have a material adverse effect on our financial condition, results of operations or cash flows. Nevertheless, such laws and regulations are frequently amended or reinterpreted. Therefore, we are unable to predict the future costs or impact of compliance. Additional proposals and proceedings that affect the oil and natural gas industry are regularly considered by the United States Congress, the states and state regulatory agencies, FERC and the courts. We cannot predict when or whether any such proposals may become effective. Furthermore, there is no assurance that the approach currently being followed by such legislative bodies, regulatory agencies and courts will continue indefinitely.

Drilling and Production Regulations

The Debtors' operations are subject to various types of regulation at the federal, state, and local levels. These types of regulation include requiring permits for the drilling of wells, drilling bonds and reports concerning operations.

Most states and some counties and municipalities in which the Debtors operate also regulate one or more of the following:

- the location of wells;
- the method of drilling and casing wells;
- restrictions on water use that could impact the availability of water for hydraulic fracturing;
- the surface use and restoration of properties upon which wells are drilled; and
- the plugging and abandoning of wells.

State and federal laws, including the laws of Texas, regulate the size and shape of drilling and spacing units or proration units governing the pooling of oil and natural gas properties. Some states allow forced pooling or integration of tracts to facilitate exploitation while other states rely on voluntary pooling of lands and leases. In some instances, forced pooling or unitization may be implemented by third parties and may reduce the Debtors' interest in the unitized properties. In addition, state conservation laws establish maximum rates of production from oil and natural gas wells, generally prohibit the venting or flaring of natural gas and impose requirements regarding the ratability of production. These laws and regulations may limit the amount of oil and natural gas the Debtors can produce from the Debtors' wells or limit the number of wells or the locations at which the Debtors can drill. Moreover, each state generally imposes a production or severance tax with respect to the production and sale of oil and natural gas within its jurisdiction.

In addition, 11 states have enacted surface damage statutes ("**SDAs**"). These laws are designed to compensate for damage caused by mineral development. Most SDAs contain entry notification and negotiation

requirements to facilitate contact between operators and surface owners/users. Most also contain bonding requirements and specific expenses for exploration and producing activities. Costs and delays associated with SDAs could impair operational effectiveness and increase development costs.

The Debtors do not control the availability of transportation and processing facilities used in the marketing of the Debtors' production. For example, the Debtors may have to shut in a productive natural gas well because of a lack of available natural gas gathering or transportation facilities.

If the Debtors conduct operations on federal or state oil and natural gas leases, these operations must comply with numerous regulatory restrictions, including various non-discrimination statutes and royalty and related valuation requirements, and certain of these operations must be conducted pursuant to certain on-site security regulations and other appropriate permits issued by the BLM or other appropriate federal or state agencies.

Transportation of Oil

Sales of oil are not currently regulated and are made at negotiated prices. Nevertheless, the United States Congress could reenact price controls in the future.

The Debtors' sales of oil are affected by the availability, terms and cost of transportation. The transportation of oil in common carrier pipelines is also subject to rate and access regulation. The FERC regulates interstate oil pipeline transportation rates under the Interstate Commerce Act. In general, interstate oil pipeline rates must be cost-based, although settlement rates agreed to by all shippers are permitted and market based rates may be permitted in certain circumstances. Effective January 1, 1995, the FERC implemented regulations establishing an indexing system (based on inflation) for transportation rates for oil that allowed for an increase or decrease in the cost of transporting oil to the purchaser. A review of these regulations by the FERC in 2000 was successfully challenged on appeal by an association of oil pipelines. On remand, the FERC in February 2003 increased the index ceiling slightly, effective July 2001. Following the FERC's five-year review of the indexing methodology, the FERC issued an order in 2006 increasing the index ceiling.

Intrastate oil pipeline transportation rates are subject to regulation by state regulatory commissions. The basis for intrastate oil pipeline regulation, and the degree of regulatory oversight and scrutiny given to intrastate oil pipeline rates, varies from state to state. Insofar as effective interstate and intrastate rates are equally applicable to all comparable shippers, the Debtors believe that the regulation of oil transportation rates will not affect the Debtors' operations in any way that is of material difference from those of the Debtors' competitors who are similarly situated.

Further, interstate and intrastate common carrier oil pipelines must provide service on a non- discriminatory basis. Under this open access standard, common carriers must offer service to all similarly situated shippers requesting service on the same terms and under the same rates. When oil pipelines operate at full capacity, access is governed by prorationing provisions set forth in the pipelines' published tariffs.

Accordingly, the Debtors believe that access to oil pipeline transportation services generally will be available to the Debtors to the same extent as to the Debtors' similarly situated competitors.

Transportation and Sale of Natural Gas

Historically, the transportation and sale for resale of natural gas in interstate commerce has been regulated by the FERC under the Natural Gas Act of 1938, or NGA, the Natural Gas Policy Act of 1978, or NGPA, and regulations issued under those statutes. In the past, the federal government has regulated the prices at which natural gas could be sold. While sales by producers of natural gas can currently be made at market prices, the United States Congress could reenact price controls in the future. Deregulation of wellhead natural gas sales began with the enactment of the NGPA and culminated in adoption of the Natural Gas Wellhead Decontrol Act, which removed all price controls affecting wellhead sales of natural gas effective January 1, 1993.

FERC regulates interstate natural gas transportation rates, and terms and conditions of service, which affects the marketing of natural gas that the Debtors produce, as well as the revenues the Debtors receive for sales of the Debtors' natural gas. Since 1985, the FERC has endeavored to make natural gas transportation more accessible to natural gas buyers and sellers on an open and non-discriminatory basis. The FERC has stated that open access policies are necessary to improve the competitive structure of the interstate natural gas pipeline industry and to create a regulatory framework that will put natural gas sellers into more direct contractual relations with natural gas buyers by, among other things, unbundling the sale of natural gas from the sale of transportation and storage services. Beginning in 1992, the FERC issued a series of orders, beginning with Order No. 636, to implement its open access policies. As a result, the interstate pipelines' traditional role of providing the sale and transportation of natural gas as a single service has been eliminated and replaced by a structure under which pipelines provide transportation and storage service on an open access basis to others who buy and sell natural gas. Although these FERC orders do not directly regulate natural gas producers, they are intended to foster increased competition within all phases of the natural gas industry.

In 2000, the FERC issued Order No. 637 and subsequent orders, which imposed a number of additional reforms designed to enhance competition in natural gas markets. Among other things, Order No. 637 revised the FERC's pricing policy by waiving price ceilings for short-term released capacity for a two-year experimental period, and effected changes in the FERC regulations relating to scheduling procedures, capacity segmentation, penalties, rights of first refusal and information reporting. FERC has continued to introduce changes to its policies and specific pipeline rates and tariffs.

The natural gas industry historically has been very heavily regulated. Therefore, the Debtors cannot provide any assurance that the less stringent regulatory approach recently established by the FERC will continue. However, the Debtors do not believe that any action taken will affect the Debtors in a way that materially differs from the way it affects other natural gas producers.

The Debtors' current natural gas gathering and processing services are not subject to regulation by FERC, as they are conducted entirely within the State of Texas. However, it is possible that some of those services may be subject to limited FERC regulation in the future to the extent that natural gas the Debtors transport is not used within the State of Texas.

The price at which the Debtors sell natural gas is not currently subject to federal rate regulation and, for the most part, is not subject to state regulation. However, with regard to the Debtors' physical sales of these energy commodities, the Debtors are required to observe anti-market manipulation laws and related regulations enforced by the FERC and/or the Commodity Futures Trading Commission, or the CFTC. Should the Debtors violate the anti-market manipulation laws and regulations, the Debtors could also be subject to related third party damage claims by, among others, sellers, royalty owners and taxing authorities. In addition, pursuant to Order No. 704, some of the Debtors' operations may be required to annually report to the FERC on May 1 of each year for the previous calendar year. Currently, Order No. 704 requires certain natural gas market participants to report information regarding their reporting of transactions to price index publishers and their blanket sales certificate status, as well as certain information regarding their wholesale, physical natural gas transactions for the previous calendar year depending on the volume of natural gas transacted. FERC is considering an expansion of these reporting requirements.

Gathering services, which occur upstream of jurisdictional transmission services, are regulated by the states. Although the FERC has set forth a general test for determining whether facilities perform a nonjurisdictional gathering function or a jurisdictional transmission function, the FERC's determinations as to the classification of facilities is done on a case by case basis. To the extent that the FERC issues an order that reclassifies transmission facilities as gathering facilities, and depending on the scope of that decision, the Debtors' costs of getting natural gas to point of sale locations may increase. State regulation of natural gas gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements. Although such regulation has not generally been affirmatively applied by state agencies, natural gas gathering may receive greater regulatory scrutiny in the future. Any such greater scrutiny of the gathering services the Debtors provide could affect the Debtors' costs, rates, and terms and conditions of service.

Intrastate natural gas transportation and facilities are also subject to regulation by state regulatory agencies, and certain transportation services provided by intrastate pipelines are also regulated by the FERC. The basis for

intrastate regulation of natural gas transportation and the degree of regulatory oversight and scrutiny given to intrastate natural gas pipeline rates and services varies from state to state. FERC has from time to time changed the rules governing the transportation in interstate commerce by intrastate pipelines, and it may do so in the future. Insofar as such regulation within a particular state, or by FERC with respect to interstate services provided by such pipelines, will generally affect all intrastate natural gas shippers within the state on a comparable basis, the Debtors believe that the regulation of similarly situated intrastate natural gas transportation in any states in which the Debtors operate and ship natural gas on an intrastate basis will not affect the Debtors' operations in any way that is of material difference from those of the Debtors' competitors. Like the regulation of interstate transportation rates, the regulation of intrastate transportation rates affects the marketing of natural gas that the Debtors produce, as well as the revenues the Debtors receive for sales of the Debtors' natural gas. At this time, the Debtors do not believe that the Debtors' intrastate natural gas gathering and processing operations are subject to regulation by the FERC.

State Natural Gas Regulation

Various states regulate the drilling for, and the production, gathering and transportation, and sale of, natural gas, including imposing severance taxes and requirements for obtaining drilling permits. States also regulate the method of developing new fields, the spacing and operation of wells and the prevention of waste of natural gas resources. States may regulate rates of production and may establish maximum daily production allowables from natural gas wells based on market demand or resource conservation, or both. States do not regulate wellhead prices or engage in other similar direct economic regulation, but there can be no assurance that they will not do so in the future. The effect of these regulations may be to limit the amounts of natural gas that may be produced from the Debtors' wells and to limit the number of wells or locations the Debtors can drill. Such regulation also could affect the costs of, and revenues from, the Debtors gathering and intrastate transportation operations.

Energy Policy Act of 2005

On August 8, 2005, President Bush signed into law the Energy Policy Act of 2005, or the EPAct 2005. The EPAct 2005 is a comprehensive compilation of tax incentives, authorized appropriations for grants and guaranteed loans, and significant changes to the statutory policy that affects all segments of the energy industry. Among other matters, the EPAct 2005 amends the NGA to add an anti- manipulation provision that makes it unlawful for any entity to engage in prohibited behavior to be prescribed by the FERC, and furthermore provides the FERC with additional civil penalty authority. The EPAct 2005 provides the FERC with the power to assess civil penalties of up to $1.0 million per day for violations of the NGA and increases the FERC's civil penalty authority under the NGPA from $5,000 per violation per day to $1.0 million per violation per day. he civil penalty provisions are applicable to entities that engage in the sale of natural gas for resale in interstate commerce. On January 19, 2006, the FERC issued Order No. 670, a rule implementing the anti- manipulation provision of the EPAct 2005, and subsequently denied rehearing. The rule makes it unlawful for any entity, directly or indirectly, in connection with the purchase or sale of natural gas subject to the jurisdiction of the FERC, or the purchase or sale of transportation services subject to the jurisdiction of the FERC: (1) to use or employ any device, scheme or artifice to defraud; (2) to make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (3) to engage in any act, practice, or course of business that operates as a fraud or deceit upon any person. The new anti-manipulation rules do not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but do apply to activities of natural gas pipelines and storage companies that provide interstate services, such as Section 311 service, as well as otherwise non-jurisdictional entities to the extent the activities are conducted "in connection with" natural gas sales, purchases or transportation subject to the FERC jurisdiction, which now includes the annual reporting requirements under Order No. 704. The anti-manipulation rules and enhanced civil penalty authority reflect an expansion of the FERC's NGA enforcement authority. Should the Debtors fail to comply with all applicable FERC administered statutes, rules, regulations and orders, the Debtors could be subject to substantial penalties and fines.

FERC Market Transparency Rules

On December 26, 2007, the FERC issued a final rule on the annual natural gas transaction reporting requirements, as amended by subsequent orders on rehearing, or Order No. 704. Under Order No. 704, wholesale buyers and sellers of more than 2.2 million MMBtu of physical natural gas in the previous calendar year, including interstate and intrastate natural gas pipelines, natural gas gatherers, natural gas processors, natural gas marketers and

natural gas producers are required to report, on May 1 of each year, aggregate volumes of natural gas purchased or sold at wholesale in the prior calendar year to the extent such transactions utilize, contribute to or may contribute to the formation of price indices. It is the responsibility of the reporting entity to determine which individual transactions should be reported based on the guidance of Order No. 704. Order No. 704 also requires market participants to indicate whether they report prices to any index publishers and, if so, whether their reporting complies with the FERC's policy statement on price reporting.

Additional proposals and proceedings that might affect the natural gas industry are pending before the United States Congress, the FERC and the courts. The Debtors cannot predict the ultimate impact of these or the above regulatory changes to the Debtors' natural gas operations. The Debtors do not believe that the Debtors would be affected by any such action materially differently than similarly situated competitors.

V. EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. Market Conditions.

The energy industry has been burdened broadly by a dramatic decline in the price of oil and gas. With oil and natural gas prices already relatively low due to the expanse in supply in North America over the past decade (due largely to hydraulic fracturing technology), oil prices began a steep descent beginning in mid-2014. Aggravating the decline, in November 2014 the Organization of Petroleum Exporting Countries—after years of tempering significant fluctuations in oil prices through the control of supply—announced that it would not reduce production quotas in the face of the significant decrease in the price of oil. By the end of the third quarter in 2015, the price of oil had decreased by more than 50% year over year—from approximately $92 a barrel as of September 15, 2014 to below $50 a barrel as of September 15, 2015. On August 24, 2015, the price of oil hit a six-year low, dipping below $39 per barrel, and within a week of the Petition Date had dropped below $37.

These market conditions continue to affect oil and gas companies at every level of the industry. Even the largest multinational integrated oil and gas companies have been substantially affected by the current market conditions. Current equity and debt trading prices in the sector reflect the scale of the current financial distress.

Independent E&P companies like the Debtors have been hit especially hard, as their revenues are generated from the sale of unrefined oil and gas. Several E&P companies, including American Eagle Energy Corporation, Quicksilver Resources Inc., Saratoga Resources Inc., Sabine Oil & Gas Corporation, Samson Resources and Magnum Hunter Resources Corp., have filed for chapter 11 relief during 2015. Energy and Exploration Partners, Inc.—one of the Debtors' working-interest partners—became the subject of an involuntary chapter 11 filed on November 25, 2015, and on December 7, 2015, consented to the order for relief and certain of its affiliates filed voluntary chapter 11 petitions. Other E&P companies have defaulted on their debt obligations, negotiated amendments or covenant relief with creditors to avoid defaulting, or have effectuated (or are seeking to effectuate) out-of-court restructurings. The current volatility in the commodity markets and resulting uncertainty have made it difficult for many in the E&P space to identify and execute on a viable restructuring alternative.

B. Financial Constraints and the Development of Strategic Alternatives.

The decline in commodity prices severely impacted New Gulf. The value of the Debtors' enterprise is directly tied to the value of oil and gas. The Second Lien Notes and Subordinated PIK Notes—collectively comprising more than $590 million of indebtedness, including the $63 million prepayment premium under the Second Lien Notes Indenture —were issued in connection with the East Texas Acquisition in May of 2014. Since that time, however, the price of crude has gone from $110 bbl to less than $34 bbl.

New Gulf and its management team braced for the down-turn by cutting costs, reducing capital expenditure programs and managing liquidity. But as the down-cycle continued, and even worsened, it became clear that despite management's best efforts, the Company needed a more comprehensive bridge to the other side of this down-turn. New Gulf needed a solution to reduce debt, raise new cash and ultimately preserve the going concern value of the Company.

By mid-2015, faced with a heavy debt burden, declining revenues and a commodity price environment poised to remain depressed for a sustained period of time, New Gulf engaged restructuring advisors and began to proactively explore strategic alternatives to improve its capital structure. In light of oil prices and related financial modeling, it appeared the company's liquidity would become materially constrained by early 2016 and that the company would not be in compliance with its financial covenants to MidFirst Bank.

With the input and assistance of its restructuring advisors, New Gulf marketed certain assets, considered potential sale transactions, evaluated potential new financing, explored deleveraging measures, and considered various bankruptcy-focused alternatives. In addition to this exploration of strategic alternatives, New Gulf engaged in discussions with an ad hoc committee of creditors who held in the aggregate 72% of the Second Lien Notes and 22% of the Subordinated PIK Notes (the "Ad Hoc Committee"). These discussions with the Ad Hoc Committee explored available options to enhance liquidity, right-size the company's debt burden, navigate the down-cycle and bridge to a recovery in commodity prices.

One alternative that New Gulf extensively explored was an out of court up-tier transaction, whereby holders of the Second Lien Notes and Subordinated PIK Notes would exchange their lower priority notes for a reduced position higher in the company's capital structure, as well as make a new-money contribution. As modeled, an up-tier transaction of this nature had substantial benefits for New Gulf and its noteholders. It ultimately, however, proved infeasible. The debt exchange pricing and the ratios of participating noteholders necessary to provide an adequate recapitalization were not economically viable given the then-current price of oil and gas.

New Gulf also thoroughly explored various sale transactions so as to enhance liquidity and achieve covenant compliance. In particular, New Gulf and its advisors commenced a process for the sale of New Gulf's assets in the Kurten and Bedlam fields. More than 200 potential buyers were contacted for each of these fields, and New Gulf received and pursued multiple bids. Ultimately, however, New Gulf was unable to negotiate a price with any bidder that would have provided consideration sufficient to resolve the company's impending liquidity and covenant constraints.

Having determined that a more fundamental and comprehensive restructuring of the Debtors' capital structure would be necessary, and to preserve dwindling liquidity, the Debtors elected to forgo making a scheduled interest payment on the Second Lien Notes in the approximate amount of $23 million in November 2015. Under the terms of the Second Lien Indenture, this nonpayment constituted a default that, if not cured within thirty days, would become an event of default giving rise to the potential acceleration of the Second Lien Indebtedness and the commencement of the enforcement of remedies. Moreover, under the cross-default provision of the First Lien Credit Agreement, the non-payment of interest on the Second Lien Notes was an immediate event of default under the First Lien Agreement. This gave rise to the need for a forbearance agreement and hastened negotiations with the Ad Hoc Committee.

To provide certainty during the negotiating and documenting of a restructuring transaction with the Ad Hoc Committee, on November 24, 2015, New Gulf and MidFirst Bank entered into a forbearance agreement (the "**Forbearance Agreement**"). Under this agreement, MidFirst Bank agreed to forbear from exercising any remedies through February 1, 2016, with respect to certain specified defaults under the First Lien Credit Agreement. Such defaults include (but are not limited to) the Debtors' failure to (i) make a semi-annual interest payment on the Second Lien Notes November 2015, and (ii) comply with certain financial and reporting covenants under the First Lien Credit Agreement. Finally, MidFirst Bank also reaffirmed the amount of the borrowing base and its commitments under the First Lien Credit Agreement. In consideration for MidFirst Bank's agreement to forbear, the Debtors paid MidFirst Bank a $95,000 fee, half of which will be refunded to New Gulf if the First Lien Indebtedness is repaid in full or assigned to third-parties by December 31, 2015.

C. Negotiation of the Restructuring Support Agreement.

On December 17, 2015, after weeks of extensive negotiations, the Debtors and the Ad Hoc Committee entered into the Restructuring Support Agreement (the "**Restructuring Support Agreement**" or the "**RSA**"), a copy of which is attached hereto as **Exhibit B**. Having extensively explored other alternatives, the Debtors carefully determined that the transactions negotiated with the Ad Hoc Committee presented the highest and

best value available to the company and its stakeholders. The pre-arranged chapter 11 process contemplated by the RSA—described in further detail below—provides New Gulf with the most certain path to a comprehensive and efficient restructuring.

By a motion filed on the Petition Date, the Debtors are seeking authorization to assume the RSA and pay the fees and expenses of the Ad Hoc Committee as provided by the terms of the RSA. The Ad Hoc Committee collectively holds approximately 72% of the aggregate principal amounts outstanding under the Second Lien Notes and approximately 22% of the Subordinated PIK Notes. Given the priorities of the Debtors' pre-petition capital structure and current commodity prices, the Second Lien Notes are the fulcrum securities of these cases. Due to the size of their collective position, the support of the Ad Hoc Committee is necessary for any restructuring transaction of the Debtors.

D. The Prepetition Reorganization.

The Restructuring Support Agreement provides for a comprehensive financial restructuring of the Debtors' capital structure under a confirmable chapter 11 plan of reorganization. But to implement this or any other restructuring transaction through chapter 11, New Gulf faced substantial hurdles.

Under the terms of the Second Amended and Restated Limited Liability Company Agreement of New Gulf Resources, LLC, dated May 9, 2014 (the "**Original LLC Agreement**"), a voluntary bankruptcy filing required authorization from a majority of the company's equity holders. Under the Original LLC Agreement, the company's equity was held by the Members in the form of the "**Original Units**" and the "**Original Warrants**".[15] Many of the Members also held Subordinated PIK Notes. Obtaining this consent presented additional challenges because the Original Warrants were traded through DTC and the Debtors could not conduct a quick vote as might be the case for a closely-held company.

To address these issues, among others, and with the support of the Ad Hoc Committee, on December 9, 2015, the board of Managers of New Gulf Resources authorized, in accordance with its operating agreement then in effect, a corporate reorganization (the "**Prepetition Reorganization**"). New Gulf consummated the Prepetition Reorganization on December 14, 2015, via the merger of NGRHC Acquisition LLC, a subsidiary of NRG (prior to the Prepetition Reorganization, NGR was itself a wholly owned subsidiary of New Gulf Resources) with and into New Gulf Resources. Prior to the Prepetition Reorganization, the Debtors' parent entity was New Gulf Resources, a limited liability company with pass-through taxable status. From and after the Prepetition Reorganization, the Debtors' parent entity is NGR, a limited liability company with taxable status. In addition, the Original LLC Agreement was amended and restated to provide that New Gulf Resources be managed by its sole member, NGR. The original limited liability company agreement of NGR was amended and restated in its entirety by the Amended and Restated Limited Liability Agreement of NGR Holding Company LLC, dated as of December 14, 2015 (the "**LLC Agreement**"). The LLC Agreement does not require the approval NGR's members to initiate a voluntary bankruptcy filing. Finally, the holders of the Original Units and Original Warrants were issued an amount of Series A Units and Series A Warrants in NGR equal to their holdings in New Gulf Resources prior to the Prepetition Reorganization, and their membership and voting rights were otherwise substantially the same as they existed prior to the Prepetition Reorganization.

With an exercise price of only $0.01, the Warrants were treated as Units for many purposes under the Original LLC Agreement—including for voting and tax matters—regardless of whether the Warrants have been formally exercised. The Warrants were treated as exercised in connection with the Prepetition Reorganization and received new Series A Units in exchange for each original Unit treated as outstanding on account of exercise.

[15] The Original Warrants were issued in connection with the East Texas Acquisition and were provided to purchasers of the Subordinated PIK Notes as an additional inducement. With an exercise price of only $0.01, the Warrants were treated as Units for many purposes under the Original LLC Agreement—including for voting and tax matters—regardless of whether the Warrants have been formally exercised. The Warrants were exchanged for an equal number of Series A Warrants in NGR and subsequently cancelled.

A chart depicting the Debtors' organization structure before and after the Prepetition Reorganization is attached to this Disclosure Statement as **Exhibit C.**

E. The Restructuring Support Agreement and the Plan.

The Debtors negotiated the underlying economics of the Plan and other aspects of the restructuring with the Ad Hoc Committee first in connection with a term sheet and then as part of the RSA and other definitive documents, including the Plan, the Disclosure Statement, the DIP Financing Agreement, and the Backstop Note Purchase Agreement and Rights Offering Procedures (collectively, the "**Definitive Documents**"). The Plan and Definitive Documents collectively provide the opportunity for the Debtors to reorganize as a going concern, continue their day-to-day operations substantially as currently conducted, and exit chapter 11 with a new capital structure and appropriate leverage.

As described more fully below, the Ad Hoc Committee has committed to provide $75 million in debtor-in-possession financing. In addition, the Ad Hoc Committee has agreed— subject to a 30-day diligence contingency (the "**Diligence Out**")—to backstop the $50 million rights offering and convert the DIP financing for convertible PIK debt issued by the reorganized Debtors pursuant to the Plan. In the event the Ad Hoc Committee exercises the Diligence Out, all milestones under the Credit Agreement are automatically extended, giving the company a total of 180 days to formulate and implement an exit strategy.

Subject to the Court's approval and the Diligence Out, the transactions contemplated by the Plan and other Definitive Documents would satisfy all of the Debtors' financial obligations through the following principal terms:

DIP Financing: $75 million of debtor-in-possession financing to be provided by members of the Ad Hoc Committee, a portion of which will be used to repay in full the First Lien Indebtedness, with the balance providing operational liquidity for the duration of these cases.

A Confirmable Plan: Subject to the Court's approval of the Disclosure Statement and in accordance with the RSA, the Ad Hoc Committee—which collectively holds at least approximately 72% of the Second Lien Notes—has agreed to vote in favor the Plan. Moreover, all other creditors impaired by the Plan (namely, the Subordinated PIK Noteholders) are contractually subordinated to the Second Lien Notes and deeply out of the money. Nevertheless, as part of the overall settlement embodied in the RSA and the Plan, the Second Lien Noteholders are voluntarily forgoing their right to part of the distributions under the Plan that they are otherwise entitled to receive so that the Debtors can (i) unimpair (or minimally impair) allowed general unsecured claims, such as the claims of suppliers and vendors, and (ii) provide for a pro rata distribution to Subordinated PIK Noteholders of a portion of the new equity of certain of the Reorganized Debtors upon emergence, as described below.

- **New First Lien Notes and Rights Offering**: ***The New First Lien Notes and Rights Offering***: On the Effective Date, certain of the Reorganized Debtors will issue New First Lien Notes in the original aggregate principal amount equal to $135.25 million, which is the sum of:
    - $75 million, issued to the DIP Lenders in connection with their surrender and exchange of the principal portion of their DIP Loan Claims for New First Lien Notes;
    - $5.25 million, as consideration for the Debtors' right to require the DIP Lenders to surrender all claims for payment of principal of the DIP Loans for New First Lien Notes;
    - $50 million, which will be offered Pro Rata to all holders of Allowed Second Lien Notes Claims through a Rights Offering backstopped in full by the Ad Hoc Committee; and
    - $5 million, as consideration for the right of New Gulf to call the commitments of the Backstop Parties under the Backstop Agreement to purchase all of the Unsubscribed Notes (as defined in the Backstop Agreement) ;

The New First Lien Notes are convertible into New Common Units (as defined in the Backstop Agreement) in accordance with and subject to the terms and conditions of the Backstop Agreement and the Plan. The terms of the New First Lien Notes eliminate annual debt-service obligations by allowing the Debtors (at their option) to pay all interest payments in-kind for up to 5 years.

- **Exchange of Second Lien Notes**: The holders of Allowed Second Lien Notes Claims—whose Claims amount to approximately $365 million in aggregate principal amount outstanding, plus accrued and unpaid interest, plus the Applicable Premium (as referred to in the Second Lien Notes Indenture) in the amount of not less than $63 million—will receive 95% of the New Equity Interests upon emergence, which amount will be reduced to 87.5% if the Class[16] of holders of Allowed Subordinated PIK Notes Claims accept the Plan, in either case subject to the Dilution Events. In addition, the holders of Allowed Second Lien Notes Claims have the right to participate Pro Rata in the Rights Offering.

- **Exchange of Subordinated PIK Notes**: The holders of Allowed Subordinated PIK Notes Claims—whose Claims amount to approximately $162 million in aggregate principal amount outstanding—will receive their pro rata share of approximately 12.5% of the New Equity Interests, but only if they vote to accept the Plan, or 5% if they instead vote to reject the Plan. In either case, their recovery is subject to the Dilution Events.

The Restructuring Support Agreement may be terminated upon, among other things, the occurrence of certain events, and the failure to meet specified milestones related to filing, confirmation and consummation of the Plan, among other requirements, and in the event of certain breaches by the parties under the Restructuring Support Agreement. The milestones and associated termination rights are contained in section 15 of the RSA, and summarized as follows (subject to the Due Diligence Out described above):

- on or before December 22, 2015, the Court shall have entered an interim DIP Order;
- on or before January 18, 2016, the Court shall have entered an order approving (i) the assumption of the Restructuring Support Agreement and (ii) the assumption of the Backstop Agreement and the Rights Offering Procedures;
- on or before February 1, 2016, the Court shall have entered (i) a final DIP Order and (ii) an order granting the Disclosure Statement Motion;
- on or before April 26, 2016, the Court shall have entered an order confirming the Plan; and
- on or before May 16, 2016, the Plan will become effective.

Given the consensus among the majority of holders of Second Lien Notes, as evidenced by the Restructuring Support Agreement, the Debtors believe that they will emerge from chapter 11 expeditiously. The Debtors believe that this outcome would be in the best interests of the Debtors, their estates and all stakeholders, as the Restructuring provides for a comprehensive delevering of the Debtors' capital structure and minimizes the risk of a future restructuring by minimizing debt service obligations. Following this right-sizing of their balance sheet, the Debtors will be positioned to weather a prolonged down-cycle, and capitalize on the eventual recovery.

VI. THE PREARRANGED CHAPTER 11 CASES

On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Upon the filing of a petitions, all actions and proceedings against the Debtors and all acts to obtain property from the Debtors were stayed under section 362 of the Bankruptcy Code. The Debtors continue to operate their business and manage their property as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code.

The Debtors expect to proceed expeditiously through the Chapter 11 Cases. To facilitate the Chapter 11 Cases and to minimize disruption to their operations, the Debtors have filed motions seeking from the Bankruptcy Court, among other relief, the relief detailed below. These requests will include, but are not limited to, orders permitting the Debtors to pay employee obligations, pay allowed unsecured claims in the ordinary course of business, and maintain their cash management system consistent with the Debtors' customary practices, for the purpose of satisfying or paying the Debtors' ordinary course operating expenses. Such relief, if granted, will assist in the administration of the Chapter 11 Cases. There can be no assurance, however, that the Court will grant any or all of the relief sought.

Commencing the Chapter 11 Cases will enable the Debtors to implement a financial restructuring on the terms set forth in the Restructuring Support Agreement and the Plan with little to no disruption of the Debtors' oil and gas exploration business. The Debtors believe that the transactions contemplated by the Plan will deleverage its balance sheet, improve go-forward liquidity, and position New Gulf for flexibility and future growth in the industry.

A. Expected Timetable of the Chapter 11 Case as of the Petition Date.

Pursuant to the Restructuring Support Agreement, the Debtors are required to proceed expeditiously through chapter 11 in accordance with the milestones, which require the Debtors to obtain confirmation of the Plan within 130 days of the Petition Date, and consummate the Plan within 150 days of the Petition Date.

While the Debtors will request that the Court approve the timetable set forth in the Disclosure Statement Motion (as defined herein) on the Petition Date, no assurances can be made that such relief will be granted. The failure to meet the milestones and deadlines set forth in the Restructuring Support Agreement could derail the orderly restructuring of the Debtors' significant financial obligations.

B. Significant First Day Motions

On the Petition Date, the Debtors filed several motions requesting that the Court enter orders authorizing the Debtors to continue operating their business in the ordinary course (the "**First Day Motions**"). These First Day Motions were designed to facilitate a smooth transition into chapter 11 and ease the strain on the Debtors' business as a consequence of the filing of the Chapter 11 Cases. There is no guarantee that the Court will grant any or all of the requested relief. The following summary highlights certain of the First Day Motions that were filed.

Stabilizing Operations

Recognizing that any interruption of the Debtors' business, even for a short period, could negatively impact customer and vendor relationships and the Debtors' goodwill, revenue, and profits, which would be detrimental to the value of the Debtors' estates, the Debtors filed the following First Day Motions to ensure stabilization of its operations:

(a) Cash Management System.

The Debtors' maintain a centralized cash management system designed to collect, track, aggregate, and disburse cash on a daily basis. To facilitate a smooth transition into the Chapter 11 Cases, the Debtors sought authority to continue using the existing cash management system, bank accounts, and business forms and to continue intercompany transactions.

(b) Employee Wages Motion.

The Debtors' ability to manage their businesses requires the continued focus and commitment of its employees and independent contractors. These individuals rely on their compensation and benefits to pay their daily living expenses, absent which they would be exposed to significant financial difficulties. The Debtors cannot

afford for these individuals to be distracted by unnecessary concern over the payment of their wages and other benefits in the ordinary course of operations. Moreover, the Debtors have substantial cash on hand to pay these obligations. Accordingly, the Debtors sought authority to (a) pay all prepetition wages, salaries, and other compensation to the Debtors' employees and independent contractors; (b) continue all benefit programs and policies, consistent with the ordinary course of business and past practices, on a postpetition basis, whether arising before or after the Petition Date; and (c) alter, modify, or discontinue employee benefit programs as the Debtors deems necessary.

(c) Royalty Motion.

The Debtors hold various interests in numerous oil and gas leases. On the first day, Debtors sought authority to continue to collect and distribute revenue from the Debtors' services as operator and to pay amounts owed under oil and gas leases, with the Debtors serving as operator of a number of those interests, on an interim and final basis. Moreover, Debtors also sought authority to continue paying various mineral contractors responsible for providing services, supplies, and materials necessary to ensure continued operation. In addition, as owners of working interests in various leases and wells operated by third parties, Debtors sought authority to continue reimbursing those operators for the Debtors' share of production costs.

(d) Taxes.

Although the Debtors expect to pay all taxes and regulatory obligations in full pursuant to the Plan, in order to minimize the potential disruption to the Debtors' business during the Chapter 11 Cases, the Debtors sought authority to pay the Debtors' fees and other similar charges and assessments, as well as certain taxes, whether arising prior, or subsequent, to the Petition Date, to the appropriate taxing, licensing, and other governmental authorities.

(e) Utilities.

The Debtors incur utility expenses for electricity, telephone, and other essential services in the ordinary course of their business at their global headquarters located in Tulsa, Oklahoma and their other operating locations. The Debtors sought approval of adequate assurance procedures in the event that any utility provider makes a demand for adequate assurance or otherwise threatens to alter, refuse, or discontinue utility service to the Debtors.

(f) Preservation of Tax Attributes.

Notwithstanding the Prepetition Reorganization, as of the Petition Date, the Debtors had and begin to accrue material tax attributes consisting of Net Operating Losses ("NOLs") and tax credits in connection with their exploration and production operations, all of which may be carried forward to future taxable years (the "Tax Attributes"). As of the Petition Date, it was still too early to determine whether it would be necessary for the Debtors to seek relief requiring any Persons or Entities that have acquired claims to sell-down their claims below an amount that would entitle them to receive more than 4.5 percent of the equity of the reorganized Debtors. Equity holders transferring their equity interests prior to the effective date of a chapter 11 plan may also trigger an ownership change that could impair the value of these assets. As the Tax Attributes may constitute a valuable asset to the Debtors' business, and the failure to preserve such assets could have caused the Debtors' estates to suffer a tax liability to the detriment of the Debtors' stakeholders' interests, the Debtors sought entry of an order establishing a record date for notice and sell-down procedures for trading in claims against the Debtors' estates and for trading in prepetition equity interests in order to preserve the Debtors' ability to maximizes the use of the Tax Attributes.

Procedural Motions and Professional Retention Applications.

The Debtors filed several procedural motions that are standard in chapter 11 cases of similar size and complexity, as well as applications to retain the various professionals who will be assisting the Debtors during the Chapter 11 Cases.

Other Motions Related to the Debtors' Prearranged Chapter 11 Plan Process

(a) The motion to assume the RSA

The Debtors seek to assume the Restructuring Support Agreement, which was the result of weeks of extensive negotiations and will provide the Debtors a path toward confirmation of a chapter 11 plan. The RSA provides for a comprehensive delevering of the Company's capital structure, which, following this right-sizing of their balance sheet, will allow the Debtors to be well positioned to weather a prolonged down-cycle and capitalize on the eventual recovery.

(b) The motion to assume the Backstop Agreement and approve the Rights Offering Procedures

To ensure that the Rights Offering raises the required funds for a successful emergence from bankruptcy, the Debtors will file a motion seeking (1) to assume the agreement under which certain members of the Ad Hoc Committee (the "Backstop Parties") have agreed to backstop the Rights Offering (the "Backstop Agreement") and (2) to approve procedures for soliciting participation from the holders of Second Lien Notes other than the Backstop Parties in the Rights Offering (the "Rights Offering Procedures").

The Backstop Agreement memorializes each Backstop Party's commitment to purchase its pro rata share of the Rights Offering Notes (as a holder of the Second Lien Notes) and to purchase any Rights Offering Notes that are not subscribed for in the Rights Offering. In exchange for their commitment to backstop the rights offering, the Debtors agreed in the Backstop Agreement, subject to Court approval to provide the Backstop Parties (i) the Put Option Notes (as defined in the Backstop Agreement), which constitutes a put option premium payment in the total amount of $5 million, payable entirely in New First Lien Notes, (ii) a Liquidated Damages Payment (as defined in the Backstop Agreement), representing liquidated damages payment in the amount of $3.5 million should the Debtors exercise their fiduciary out and consummate an alternative transaction, (iii) payment and reimbursement of all Transaction Expenses (as defined in the Backstop Agreement), which include reasonable fees and expenses incurred by the Backstop Parties and their professionals in connection with the transactions contemplated under, inter alia, the RSA, the Plan, the DIP Facility, the Rights Offering and the Backstop Agreement, and (iv) indemnification of the Backstop Parties and their affiliated parties and representatives from and against any and all losses, claims, damages, liabilities and expenses they may they may sustain, incur or suffer in connection with the transactions contemplated under, inter alia, the RSA, the Plan, the DIP Facility, the Rights Offering and the Backstop Agreement. Because the Backstop Agreement facilitates the success of the Rights Offering and thereby significantly reduces the financing risks associated with consummating the Plan, the Debtors submit, in the exercise of their business judgment, that the payments for which they seek approval of here are fair and reasonable and assumption of the Backstop Agreement is in the best interests of the Debtors' estates and all parties in interest.

In addition, the Debtors seek this Court's approval of procedures to implement the Rights Offering. The Rights Offering Procedures will allow the Debtors to solicit holders of Second Lien Notes to participate in the Rights Offering. The proposed procedures would allow the Debtors to solicit Second Lien Noteholders' participation in the Rights Offering over a 30 day period with the assistance of Prime Clerk. Second Lien Noteholders that wish to subscribe to the Rights Offering would be required to submit certain commitment forms and fund their commitment at the time they subscribe. The Rights Offering Procedures are consistent with other procedures implemented in chapter 11 cases in this district and are both fair and reasonable and necessary to ensure the orderly administration and issuance of the Rights Offering Notes.

Motion to Approve DIP Financing

In addition to the Debtors' initial procedural and operational relief, the Debtors filed a motion on the Petition Date seeking authority to approve the Senior Secured Super Priority Debtor-In-Possession Credit Agreement (the "**DIP Credit Agreement**"), to ensure adequate access to liquidity during the Chapter 11 Cases and to refinance the First Lien Indebtedness owed to MidFirst Bank. The DIP Credit Agreement provides for $75 million in financing on a first lien, superpriority basis. Under the terms of the Plan and the DIP Documents, all DIP Loan Claims will be fully satisfied by a dollar-for-dollar exchange for New First Lien Notes. As further described

in the DIP Motion, the DIP Credit Agreement and other DIP Documents also provide for the payment of certain fees the DIP Agent and DIP Lenders, including a payment of $2.25 million in cash, and the payment of fees and expenses of counsel and financial advisors of the DIP Lenders and DIP Agent.

The Debtors have requested $55 million of the DIP Financing be provided on an interim basis, with $38 million used to refinance their First Lien Credit Agreement and $17 million used as interim working capital in order to maintain operations through the end of January, 2016, and an additional $20 million on a final basis. The Debtors believed the DIP Financing is sufficient to fund operations pending a final hearing and that the terms of the DIP Financing are fair and reasonable and represents the best financing available in the marketplace under the circumstances.

Approval of Disclosure Statement and Solicitation Procedures and Scheduling of Confirmation Hearing

The Debtors will be seeking confirmation of the Plan and emergence from chapter 11 as soon as possible. To that end, the Debtor filed a motion (the "**Disclosure Statement Motion**") on the Petition Date requesting that the Court enter an order (a) approving the Disclosure Statement as having provided adequate information, (b) scheduling a hearing to consider confirmation of the Plan, (c) approving the form and notice of the Confirmation Hearing, (d) establishing a deadline and procedures for objections to the Plan, (e) approving the Solicitation Procedures and Opt Out Procedures and (f) related relief. The Debtors have requested the earliest possible date permitted by the applicable rules and the Court's calendar for the combined Confirmation Hearing.

VII. KEY PROVISIONS OF THE PLAN

A. Classification and Treatment

The classification and treatment afforded to all Claims and Equity Interests are summarized above in Article II of this Disclosure Statement, and provided for and described further in Articles II and III of the Plan. ***Holders of claims that are entitled to vote are strongly encouraged to read the Plan in its entirety, including Articles II and III***.

B. Means for Implementation of the Plan

Operations Between the Confirmation Date and Effective Date.

During the period from the Confirmation Date through and until the Effective Date, the Debtors may continue to operate their businesses as debtors in possession, subject to all applicable orders of the Bankruptcy Court, the Bankruptcy Code, and any limitations set forth in the Plan or in the Confirmation Order, the Restructuring Support Agreement, and the Backstop Agreement.

Issuance of New Equity Interests.

On the Effective Date, the applicable Reorganized Debtors are authorized to issue or cause to be issued the New Equity Interests in accordance with the terms of the Plan and the Organizational Documents, without the need for any further corporate or shareholder action. All of the New Equity Interests, issuable under the Plan, and all New Common Units (as defined in the Backstop Agreement) issuable upon conversion of the New First Lien Notes that are issued under the Plan or pursuant to the Backstop Agreement, when so issued, shall be duly authorized, validly issued, fully paid, and non-assessable, and not to have been issued in violation of any preemptive rights, rights of first refusal or similar rights or any applicable law.

Upon the Effective Date, (i) the New Equity Interests shall not be registered under the Securities Act, and shall not be listed for public trading on any securities exchange, and (ii) none of the Reorganized Debtors will be a reporting company under the Exchange Act. The distribution of New Equity Interests pursuant to the Plan may be made by delivery of one or more certificates representing such New Equity Interests as described herein, by means of book-entry registration on the books of the transfer agent for shares of New Equity Interests or by means

of book-entry exchange through the facilities of a transfer agent satisfactory to the Debtors and the Requisite Supporting Noteholders in accordance with the customary practices of such agent, as and to the extent practicable.

New First Lien Notes.

On the Effective Date, the applicable Reorganized Debtors are authorized, without the need for any further corporate or limited liability company action, to enter into the New First Lien Notes Indenture and the other New First Lien Notes Documents and any ancillary documents necessary or appropriate to satisfy the conditions to effectiveness of the Plan and/or the Backstop Agreement that relate to the New First Lien Notes, and to issue the New First Lien Notes. The proceeds of the New First Lien Notes shall be used to pay the Restructuring Expenses and provide the Reorganized Debtors with working capital for their post-Effective Date operations and for other general corporate purposes. The indebtedness, liabilities and other obligations under the New First Lien Notes Documents shall be secured by first priority security interests in and Liens on all of the assets of the Reorganized Debtors, subject to certain specified exceptions set forth in the New First Lien Notes Documents.

In consideration for the Debtors' right to require the DIP Lenders to surrender all claims for payment of principal of the DIP Loans in exchange for DIP Exchange Notes as set forth above, the DIP Lenders will receive, on the Effective Date, their respective pro rata shares of an additional amount of New First Lien Notes in an aggregate principal amount equal to $5,250,000. The balance of the DIP Loan Claims, including accrued unpaid interest and any other amounts due under the DIP Credit Agreement, will be paid in cash. The remaining balance of the New First Lien Notes will be issued on the Effective Date in accordance with the Rights Offering, pursuant to the Backstop Agreement and the Plan.

The Rights Offering.

Prior to the Effective Date, the Debtors shall conduct the Rights Offering in accordance with the Backstop Agreement Order and the Rights Offering Procedures. Rights Offering Participants shall have the right, subject to the terms of the Rights Offering Procedures and the Plan, to exercise Rights to purchase up to their Pro Rata share of $50 million of original principal amount of New First Lien Notes. Subject to the terms and conditions of the Backstop Agreement, the Backstop Parties shall backstop the full amount of the New First Lien Notes offered for sale in the Rights Offering (not to exceed the Rights Offering Amount) through the commitment to exercise the Rights issued to them in their capacity as Rights Offering Participants and purchase all of the New First Lien Notes that are not subscribed for by other Rights Offering Participants in the Rights Offering.

In consideration for the right of New Gulf to call the commitments of the Backstop Parties under the Backstop Agreement to purchase all of the Unsubscribed Notes (as defined in the Backstop Agreement) in accordance with and subject to the terms of the Backstop Agreement, the Debtors shall be required to issue to the Backstop Parties (or their designees) an additional amount of New First Lien Notes in an aggregate principal amount equal to $5,000,000 (the "**Put Option Notes**"), as described in and subject to the terms and conditions set forth in the Bankruptcy Agreement.

Exemptions from Registration; Securities Law Matters.

To the extent securities were offered prior to the filing of the Plan, such securities were offered in reliance on the exemption provided by Section 4(a)(2) of the Securities Act. The offer, issuance, sale and distribution under the Plan of the (a) New Equity Interests, (b) Rights, (c) New First Lien Notes issued in the Rights Offering to Rights Offering Participants (d) New First Lien Notes issued in the DIP Exchange and (e) the issuance of New Equity Interests in connection with any conversion of the New First Lien Notes issued in the Rights Offering or the DIP Exchange, shall all be exempt from registration under Section 5 of the Securities Act and any other applicable securities laws under, and to the extent provided by, Section 1145 of the Bankruptcy Code. The issuance and distribution of the Backstop Commitment Notes and the Put Option Notes, as well as any New Equity Interests into which such notes are converted, will be exempt from registration under the Securities Act and any other applicable securities laws under Section 4(a)(2) of the Securities Act and/or section 1145 of the Bankruptcy Code.

Cancellation of Certain Indebtedness, Agreements, and Existing Securities.

On the Effective Date, except for the purposes of evidencing a right to a distribution under the Plan, and except as otherwise specifically provided for in the Plan, (i) the Restructuring Support Agreement, the Prepetition First Lien Credit Agreement, the Second Lien Note Indenture and the Notes Documents (as defined in the Second Lien Notes Indenture), the Subordinated PIK Notes Indenture and the Note Documents (as defined in the Subordinated PIK Notes Indenture), and any other certificate, note, bond, indenture, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of any of the Debtors giving rise to any Claim (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligations of any Debtors that are specifically Reinstated pursuant to the Plan), (ii) all Equity Interests of the Debtors (excluding Intercompany Interests) and any certificate or other instrument or document directly or indirectly evidencing or creating any Equity Interest in any of the Debtors as of immediately prior to the Effective Date, (iii) all registration rights, preemptive rights, rights of first refusal, rights of first offer, co-sale rights and other investor rights governing or relating to any of the indebtedness, obligations, Equity Interests or other items described in any of clauses (i) or (ii) above, and (iv) all obligations and liabilities arising under, related to, or in connection with, any of the items described in any of clauses (i)-(iii) above, in any such case, shall be deemed automatically extinguished, cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and the Debtors and the Reorganized Debtors shall not have any continuing obligations thereunder or with respect thereto; and the obligations of any of the Debtors and the Reorganized Debtors pursuant, relating, or pertaining to any agreements, indentures, purchase agreements, certificates of incorporation, certificates of formation, by-laws, limited liability company agreements or similar documents governing or evidencing any of the items described in clauses (i)-(iv) above shall be released and discharged; and the holders of or parties to, or beneficiaries of, any of the items described in clauses (i) – (iv) above, will have no rights arising from or relating to, and will not be entitled to the benefits of, any such items or the cancellation thereof, except the rights expressly provided for pursuant to the Plan; *provided*, *however*, that, notwithstanding the occurrence of the Effective Date, any such indenture or agreement that governs the rights of the holder of a Claim shall continue in effect solely for purposes of allowing holders of such Claims to receive distributions under the Plan as provided in the Plan; *provided*, *however*, that the subordination provisions contained in the Subordinated PIK Notes Indenture shall remain in full force and effect (except to the extent necessary to enable the holders of Subordinated PIK Notes to receive and retain the distributions set forth in Article IIID.5 hereof, it being understood that all rights and remedies of the Second Lien Notes Indenture Trustee and the holders of Second Lien Notes with respect to subordination are otherwise expressly preserved). For the avoidance of doubt, nothing in Article IV.E of the Plan shall affect the discharge of or result in any obligation, liability, or expense of the Debtors or the Reorganized Debtors, or affect the discharge of Claims or Equity Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any additional obligation, expense, or liability of the Debtors or the Reorganized Debtors.

Upon the payment or other satisfaction of an Allowed Other Secured Claim, the holder of such Allowed Other Secured Claim shall deliver to the Debtors or Reorganized Debtors (as applicable) any Collateral or other property of the Debtors held by such holder, and any termination statements, instruments of satisfactions, or releases of all security interests with respect to its Allowed Other Secured Claim that may be required in order to terminate any related financing statements, mortgages, mechanic's liens, or *lis pendens*.

Intercompany Interests.

Subject to the Restructuring Transactions, the Intercompany Interests shall be retained shall continue in place, solely for the purpose of maintaining the existing corporate structure of the Debtors and the Reorganized Debtors.

Continued Corporate Existence and Vesting of Assets.

Except as otherwise provided in the Plan, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, with all of the powers of such a legal entity, in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to such Reorganized Debtors' Organizational documents and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable law. On or after the Effective Date, each

Reorganized Debtor, in its sole and exclusive discretion, may take such action as permitted by applicable law and such Reorganized Debtor's Organizational Documents, as such Reorganized Debtor may determine is reasonable and appropriate, including, but not limited to, causing: (i) a Reorganized Debtor to be merged into another Reorganized Debtor, or its Subsidiary and/or affiliate; (ii) a Reorganized Debtor to be dissolved; (iii) the legal name of a Reorganized Debtor to be changed; or (iv) the closure of a Reorganized Debtor's case on the Effective Date or any time thereafter.

Except as otherwise provided in the Plan, on the Effective Date, all property of each Debtor's Estate, including any property held or acquired by each Debtor or Reorganized Debtor under the Plan or otherwise, will vest in such Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances, Equity Interests, and other interests, except for the Liens and Claims established under the Plan; ***provided that*** nothing in Article IV.G of the Plan shall limit the ability under the Bankruptcy Code of any party-in-interest to object to any Claim prior to the Claims Objection Deadline unless otherwise ordered by the Bankruptcy Court; ***provided, further, however,*** that the Debtors and the Reorganized Debtors waive and release any Causes of Action against any of the Released Parties as provided for in Article VII.E. of the Plan.

On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, and dispose of property and maintain, prosecute, abandon, compromise, settle or otherwise dispose any Claims or Causes of Action without supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, subject only to those restrictions expressly imposed by the Plan or the Confirmation Order as well as the documents and instruments executed and delivered in connection therewith, including the documents, exhibits, instruments, and other materials comprising the Plan Supplement. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur from and after the Effective Date for Fee Claims, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to, or the approval of, the Court.

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan and the Restructuring Transactions, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable entities may agree, including, without limitation, the New First Lien Notes and the New First Lien Note Documents; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (4) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

Retention of Avoidance Actions.

As of the Effective Date, all Avoidance Actions shall revest exclusively in the Reorganized Debtors; ***provided, however,*** that the Debtors and the Reorganized Debtors waive and release any Causes of Action against any of the Released Parties as provided for in Article VII.E of the Plan.

Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, and except as expressly provided in Article VII.E of the Plan, the Reorganized Debtors shall retain all Causes of Action, if any, described in the Plan Supplement. Nothing contained in the Plan or the Confirmation Order shall be deemed a waiver or relinquishment of any claim, Cause of Action, right of setoff, or other legal or equitable defense of any Debtor that is not specifically waived or relinquished by the Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert, all such claims, Causes of Action, rights of setoff, and other legal or equitable defenses that any Debtor had immediately before the Effective Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any claim that is not specifically waived or

relinquished by the Plan may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced. No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against such Person. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, subject to the terms of the Plan. From and after the Effective Date, the Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Cause of Action and to decline to do any of the foregoing without further notice to or action, order, or approval of the Court. The Reorganized Debtors are deemed representatives of the Estates for the purpose of prosecuting any Claim or Cause of Action and any objections to Claims pursuant to 11 U.S.C. § 1123(b)(3)(B).

Claims Incurred After the Effective Date.

Claims incurred by the Debtors after the Effective Date may be paid by the Reorganized Debtors in the ordinary course of business and without application for or Court approval, subject to any agreements with such holders of a Claim and applicable law.

Corporate Action.

Each of the matters provided for by the Plan involving the corporate or limited liability company structure of the Debtors or the Reorganized Debtors, and any action under the Plan to be taken by or required of the Debtors of the Reorganized Debtors, whether taken prior to or as of the Effective Date, including, without limitation, (a) the adoption and filing of the Organizational Documents for each of the other Reorganized Debtors; (b) the authorization, issuance, and distribution of New Equity Interests and any other securities and instruments; (c) the adoption, assumption or assignment, as applicable, of Executory Contracts; (d) implementation of the Reorganized NGR Holding Management Incentive Plan; (e) the selection of officers or directors/managers, and (f) the issuance of the New First Lien Notes, the entry into the New First Lien Notes Indenture and the execution and delivery of the New First Lien Notes Documents, and implementation of the Restructuring Transactions shall each be authorized and approved in all respects, without any requirement of further action by any of the Debtors' or Reorganized Debtors' boards of directors or managers, as applicable, or security holders.

The Debtors, the Reorganized Debtors, and the Disbursing Agent, as applicable, shall be authorized to execute, deliver, file, and record such documents (including the Plan Documents), contracts, instruments, releases and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan, without the necessity of any further Bankruptcy Court, corporate, board or security holder approval or action. In addition, the selection of the Persons who will serve as the initial directors, officers and managers of the Reorganized Debtors as of the Effective Date shall be deemed to have occurred and be effective on and after the Effective Date without any requirement of further action by the board of directors, board of managers, or stockholders of the applicable Debtor or Reorganized Debtor.

C. Provisions Regarding Corporate Governance of the Reorganized Debtor.

Organizational Documents.

On the Effective Date, the Organizational Documents of each of the Reorganized Debtors shall be deemed authorized in all respects. To the extent applicable, the Organizational Documents for the Reorganized Debtors shall prohibit the issuance of nonvoting equity securities only so long as, and to the extent that, the issuance of nonvoting equity securities is prohibited by the Bankruptcy Code (and any material changes in the form or the classification of Reorganized NGR Holding and/or Reorganized New Gulf shall be addressed in the Plan Supplement).

Appointment of Officers and Directors.

As of the Effective Date, the term of the current members of the board of directors or managers of NGR Holding shall be deemed to have expired and such members shall be deemed removed from such board, without further action by or notice to any Person. On the Effective Date, the initial directors or managers of the New Board shall consist of seven (7) directors/managers, including the Chief Executive Officer of Reorganized NGR Holding, three (3) directors/managers designated by Värde Partners, Inc., one (1) director/manager designated by Millstreet Capital Management LLC, one (1) director/manager designated by PennantPark Investment Corporation, and one (1) independent director/manager satisfactory to the Ad Hoc Committee. Commencing on the Effective Date, each of the directors of each of the Reorganized Debtors shall serve pursuant to the terms of the applicable organizational documents of such Reorganized Debtor and may be replaced or removed in accordance with such organizational documents.

The Plan Supplement shall identify the members of the boards of directors or the New Board, as applicable, of the Reorganized Debtors.

On the Effective Date, the executive officers of Reorganized NGR Holding shall be those executive officers that were employed by NGR Holding immediately prior to the occurrence of the Effective Date, subject to the execution of amended and restated employment contracts (to the extent applicable) that are acceptable to such employee and the New Board.

Reorganized NGR Holding Management Incentive Plan

A new management incentive program (the "**MIP**") shall be implemented immediately following the Effective Date. The MIP will provide for equity and/or equity-based awards, subject to the terms and conditions provided in the MIP and any individual award agreements. The pool available for grants of awards under the MIP will be equal to 9% in the aggregate of the new equity interests (on a fully diluted basis and not subject to dilution as of any Dilution Events) as of the Effective Date. The New Board (in consultation with the CEO) of Reorganized NGR Holding shall grant one half of the MIP pool (4.5% of the new equity interests) to the Executive Team (as defined below) on or as soon as administratively practicable after the Effective Date, and such awards shall vest one-third at grant and one-third on each of the first and second anniversaries of such grant, subject to such terms and conditions as provided under the MIP and individual award agreements. 25% of the MIP pool (2.25% of the new equity interests) will be available for grants to certain non-executive employees following emergence pursuant to and subject to guidelines established by the New Board in consultation with the CEO and shall contain such vesting provisions and other terms and conditions as determined by the New Board, in consultation with the CEO. The remaining portion of the MIP pool (i.e., 2.25% of the new equity interests) shall be available for awards, as determined by the New Board in its discretion after the Effective Date to the Executive Team and shall vest based on such terms and conditions determined by the New Board at the time of grant. For purposes of the MIP, "Executive Team" shall refer to Chairman and CEO; SVP & Chief Financial Officer; SVP Geology & Geophysics; SVP Drilling & Completions; SVP Production Operations Engineering; and VP Strategic Planning & Development. In addition, the MIP shall provide that awards shall provide that awards shall allow for net settlement to satisfy any required tax withholding not to exceed the statutory minimum and shall vest on a change in control that occurs while a grantee is employed by the Company. The material terms and conditions of the MIP will be included in the Plan Supplement.

Indemnification of Directors, Officers, and Employees.

From and after the Effective Date, indemnification obligations owed by NGR Holding to directors, managers, officers, or employees of the Debtors who served or were employed by any Debtor on or after May 1, 2014, to the extent provided in the articles or certificate of formation or limited liability company agreement of NGR Holding in effect as of immediately prior to the Petition Date, will be deemed assumed pursuant to the Plan and shall survive Confirmation of the Plan, and, for the avoidance of doubt, the Reorganized Debtors shall indemnify all such directors, managers, officers or employees for any claims or liabilities resulting from Covered Actions arising from NGR Holding's limited liability company agreement, except for fraud, gross negligence or willful misconduct, each as determined by a final non-appealable order. The Reorganized Debtors shall obtain a directors and officers tail

policy providing for such continuing coverage for a period of seven years following the Effective Date on substantially the same terms as existed as of the Petition Date.

D. Effect of Confirmation of the Plan.

General Settlement of Claims and Interests.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any Distribution to be made on account of such Allowed Claim, subject in each case to Article IV.E. hereof.

Without limiting the foregoing, the provisions of the Plan shall, upon consummation, constitute a good faith compromise and settlement, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, among the Debtors and the Ad Hoc Committee of all disputes among the parties, including those arising from, or related to the Second Lien Notes Claims. In the event that, for any reason, the Confirmation Order is not entered or the Effective Date does not occur, the Debtors and the Ad Hoc Committee reserve all of their respective rights with respect to any and all disputes that would have been resolved and settled under the Plan had the Effective Date occurred.

The entry of the Confirmation Order shall constitute the Court's approval of each of the compromises and settlements embodied in the Plan, and the Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, their Estates, creditors, and other parties-in-interest, and are fair, equitable, and within the range of reasonableness. The Plan and the Confirmation Order shall have res judicata, collateral estoppel, and estoppel (judicial, equitable, or otherwise) effect with respect to all matters provided for, or resolved pursuant to, the Plan and/or the Confirmation Order, including, without limitation, the release, injunction, exculpation, discharge, and compromise provisions contained in the Plan and/or the Confirmation Order. The provisions of the Plan, including, without limitation, its release, injunction, exculpation and compromise provisions, are mutually dependent and non-severable.

Subordination of Claims

The allowance, classification and treatment of all Allowed Claims and Equity Interests and the respective Distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, subject in each case to Article IV.E. hereof. However, the Debtors (with the consent of the Requisite Supporting Noteholders) reserve the right to reclassify any Allowed Claim or Equity Interest in accordance with any contractual, legal or equitable subordination relating thereto, unless otherwise provided in a settlement agreement concerning such Allowed Claim.

Discharge of the Debtors.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created or assumed pursuant to the Plan: (a) the Distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release of all Claims, Equity Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against and Equity Interests in, the Debtors, the Reorganized Debtors or any of their assets, properties or Estates, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, Equity Interests and Causes of Action, including demands, liabilities and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability, whether on account of representations or warranties issued or otherwise, whether on or before the Effective Date; (b) the Plan shall bind all holders of Claims and Equity Interests, notwithstanding whether any such holders failed to vote to accept or reject the

Plan or voted to reject the Plan; (c) all Claims and Equity Interests shall be deemed to be satisfied, discharged and released in full, and the Debtors' liability with respect thereto, shall be extinguished completely, including debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a proof of Claim or Equity Interest based upon such debt, right, or Equity Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim or Equity Interest based upon such debt, right or Equity Interest is Allowed; or (iii) the holder of such a Claim or Equity Interest has accepted the Plan or is entitled to receive a distribution under the Plan; and (d) all holders of such Claims and Equity Interests shall be precluded from ever asserting against the Debtors, the Debtors' Estates, the Reorganized Debtors, their successors, assigns and affiliates, and their assets and properties any Claims and Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Equity Interests subject to the occurrence of the Effective Date.

Upon the Effective Date, all Claims and Causes of Action against any Debtor related to or arising from any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to a non-Debtor affiliate and/or subsidiary of the Debtors, shall receive the classification and treatment provided for such Claims in the Plan and shall be discharged and all holders thereof forever precluded and enjoined, pursuant to sections 105, 524, 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim and Cause of Action against any Reorganized Debtor.

Releases, Exculpations, and Injunctions of Released Parties.

Release of Liens. **Except (a) with respect to the Liens securing the indebtedness, obligations, and liabilities under the New First Lien Notes Documents, and (b) as otherwise expressly provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, and other security interests against any property of the Debtors' Estates (including all liens provided for in the DIP Order on account of the DIP Loan Claims) shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, and other security interests shall revert to the Reorganized Debtors and each of their successors and assigns.**

Releases by the Debtors. **For good and valuable consideration (including the service of the Released Parties to facilitate the reorganization of the Debtors, the implementation of the restructuring contemplated by the Restructuring Support Agreement and the Plan and the compromises contained in the Plan), the adequacy of which is hereby confirmed, and except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors, the Reorganized Debtors and the Debtors' Estates, including any successor to the Debtors or any Estate representative, shall be deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, remedies, Causes of Action and liabilities that could have been asserted by or on behalf of the Debtors or their Estates or Reorganized Debtors, whether directly, indirectly, derivatively or in any representative or any other capacity, against the Released Parties (and each such Released Party shall be deemed forever released, waived and discharged by the Debtors and Reorganized Debtors), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating the Covered Actions, provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action, if any, expressly set forth in and preserved by the Plan or the Plan Supplement (with the consent of the Requisite Supporting Noteholders); (ii) any Causes of Action arising from fraud, gross negligence, or willful misconduct as determined by final non-appealable order; and/or (iii) the rights of the Debtors or the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to final non-appealable order. The foregoing release shall be effective as of and subject to the occurrence of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation,**

order, or rule or the vote, consent, authorization or approval of any person and the Confirmation Order will permanently enjoin the commencement, prosecution or continuation by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, or liabilities released pursuant to this release.

Releases by Holders of Claims and Equity Interests. **For good and valuable consideration (including the service of the Released Parties to facilitate the reorganization of the Debtors, the implementation of the restructuring contemplated by the Restructuring Support Agreement and the Plan and the compromises contained in the Plan), the adequacy of which is hereby confirmed, and except as otherwise specifically provided in the Plan, , on and after the Effective Date, to the fullest extent permitted by applicable law, each of the Releasing Parties shall be deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, remedies, Causes of Action and liabilities that could have been asserted by or on behalf of the Debtors or their Estates or Reorganized Debtors, whether directly, indirectly, derivatively or in any representative or any other capacity, against the other Released Parties (and each such other Released Party shall be deemed forever released, waived and discharged by the other Released Parties), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Covered Actions; provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action, if any, expressly set forth in and preserved by the Plan or the Plan Supplement (with the consent of the Requisite Supporting Noteholders); (ii) any Causes of Action arising from fraud, gross negligence, or willful misconduct as determined by final non-appealable order; and/or (iii) the rights of the Debtors or the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to final non-appealable order. The foregoing release shall be effective as of and subject to the occurrence of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any person and the Confirmation Order will permanently enjoin the commencement, prosecution or continuation by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, or liabilities released pursuant to this release. Each Person providing releases under the Plan, including the Debtors, the Reorganized Debtors, the Estates and the Releasing Parties, shall be deemed to have granted the releases set forth in those sections notwithstanding that such Person may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such Person expressly waives any and all rights that it may have under any statute or common law principle which would limit the effect of such releases to those claims or causes of action actually known or suspected to exist at the time of execution of such release.**

Exculpation. **Notwithstanding anything in the Plan to the contrary, the Exculpated Parties shall neither have nor incur any liability to any holder of any Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of or related to any act taken or omitted to be taken in connection with any Covered Action; provided that nothing in the foregoing "Exculpation" shall exculpate any Entity from any liability resulting from any act or omission that is determined by Final Order to have constituted fraud, willful misconduct, gross negligence, or criminal conduct; provided that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement.**

Notwithstanding anything in the Plan to the contrary, as of the Effective Date, pursuant to section 1125(e) of the Bankruptcy Code, the Solicitation Parties upon appropriate findings of the Bankruptcy Court will be deemed to have solicited acceptance of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of

a security, offered or sold under the Plan of a Reorganized Debtor, and shall not be liable to any Person on account of such solicitation or participation.

In addition to the protections afforded in Article VII of the Plan to the Exculpated Parties and the Solicitation Parties, and not in any way reducing or limiting the application of such protections, the Bankruptcy Court shall have exclusive jurisdiction over any and all Causes of Action asserted against any Debtor or Solicitation Party for Covered Actions that are not otherwise exculpated, released or enjoined by the Plan.

Injunction. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS, AS OF THE CONFIRMATION DATE, BUT SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR EQUITY INTERESTS ARE PERMANENTLY ENJOINED, FROM AND AFTER THE CONFIRMATION DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, THE EXCULPATION PARTIES OR THE SOLICITATION PARTIES OR ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFER OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS OR ENTITIES: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (2) ENFORCING, ATTACHING, LEVYING, COLLECTING, OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH RELEASED PARTIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (3) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH RELEASED PARTIES OR AGAINST THE PROPERTY OR ESTATES OF SUCH RELEASED PARTIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (4) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM ANY OF THE DEBTORS OR REORGANIZED DEBTORS OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF ANY OF THE DEBTORS OR REORGANIZED DEBTORS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (5) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN OR CONFIRMATION ORDER, (6) ACTING OR PROCEEDING IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THE PLAN TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW; AND (7) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER, THAT NOTHING CONTAINED IN THE PLAN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING THEIR RIGHTS, OR OBTAINING BENEFITS, PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN.

By accepting Distributions pursuant to the Plan, each holder of an Allowed Claim or Interest will be deemed to have specifically consented to the Injunctions set forth in Article VII.H of the Plan.

Limitations on Exculpations and Releases. **Notwithstanding anything contained in the Plan to the contrary, the releases and exculpation contained in the Plan do not release any obligations of any party arising under the Plan or any document, instrument or agreement (including those set forth in the New First Lien Notes Documents and the Plan Supplement) executed to implement the Plan.**

Injunction Against Interference with Plan.

Upon the entry of the Confirmation Order, all holders of Claims and Interests and other parties in interest, along with their respective present or former affiliates, employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

Preservation of Insurance.

The Debtors' discharge, exculpation and release, and the release in favor of the Released Parties, as provided in the Plan, shall not, except as necessary to be consistent with the Plan, diminish or impair the enforceability of any insurance policy that may provide coverage for claims against the Debtors, the Reorganized Debtors, their current and former directors and officers, or any other Person.

E. Distributions Under the Plan

One of the key concepts under the Bankruptcy Code is that only claims and interests that are "allowed" may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions in the Plan. In general, an Allowed Claim or Equity Interest means that the Debtors agree, or if there is a dispute, the Bankruptcy Court determines, by Final Order, that the Claim or Equity Interest, and the amount thereof, is in fact a valid obligation of or Equity Interest in the Debtors.

Procedures for Treating Disputed Claims

Objections to Claims. Except insofar as a Claim is Allowed under the Plan, the Debtors, the Reorganized Debtors, and any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be filed and served by the Claims Objection Deadline. Any Claims not objected to by the Claims Objection Deadline shall be deemed Allowed unless such period is extended upon approval of the Bankruptcy Court.

Expungement and Disallowance of Claims.

Paid, Satisfied, Amended, Duplicate or Superseded Claims. Any Claim that has been paid, satisfied, amended, duplicated or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors on or after 14 calendar days after the date on which notice of such adjustment or expungement has been filed with the Bankruptcy Court, without the need for the Debtors to have filed an objection to such claim, and without any further action, order or approval of the Bankruptcy Court.

Claims by Persons From Which Property Is Recoverable. Unless otherwise agreed to by the Reorganized Debtors or ordered by the Bankruptcy Court, any Claims held by any Person or Entity from which property is recoverable under sections 542, 543, 550 or 553 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and any Holder of such Claim may not receive any Distributions on account of such Claim until such time as such Cause of Action against that Person or Entity has been resolved.

Indemnification Claims. All Claims filed on account of an indemnification obligation to a director, officer or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date, to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order or approval of the Bankruptcy Court.

Untimely Claims. Any Claim that was required to be filed by the Claims Bar Date, but was not timely filed, shall not be Allowed, shall be deemed disallowed, and shall be forever barred, estopped and enjoined from asserting such Claim against the Debtors, the Reorganized Debtors, their respective affiliates or their respective property, and such Claim shall be deemed discharged as of the Effective Date, unless otherwise ordered by a Final Order of the Bankruptcy Court.

Amendments to Proofs of Claim. On or after the Effective Date, a Proof of Claim may not be amended (other than solely to update or correct the name or address of the holder of such Claim) without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, as applicable, and any such amended Proof of Claim filed without such prior authorization shall be deemed disallowed in full and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

No Distributions Pending Allowance. If an objection to a Claim or a portion thereof is filed as set forth in Article VIII of the Plan or the Claim otherwise remains a Disputed Claim, except as otherwise provided in a Final Order of the Bankruptcy Court, no payment or Distribution provided under the Plan shall be made on account of such Claim or portion thereof, as applicable, unless and until such Disputed Claim becomes an Allowed Claim.

Distributions After Allowance. To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the applicable provisions of the Plan and any order of the Court.

Administration Responsibilities. Except as otherwise specifically provided in the Plan, after the Effective Date the Reorganized Debtors, with the consent of the Requisite Supporting Noteholders, shall have the sole authority to (a) file, withdraw or litigate to judgment objections to Claims, (b) settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court, and (c) administer and adjust, or cause to be administered and adjusted, the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court; *provided that* nothing in Article VIII.8 of the Plan shall limit the ability under the Bankruptcy Code of any party-in-interest to object to any Claim prior to the Claim Objection Bar Date unless otherwise ordered by the Bankruptcy Court.

Allowed Claims

Delivery of Distributions in General. Except as otherwise provided in the Plan, Distributions under the Plan shall be made by the Disbursing Agent to the holders of Allowed Claims in all Classes for which a Distribution is provided in the Plan at the addresses set forth on the Schedules or in the Debtors' books and records, as applicable, unless such addresses are superseded by Proofs of Claim or transfers of Claim filed pursuant to Bankruptcy Rule 3001 by the Distribution Record Date (or at the last known addresses of such holders if the Debtors or the Reorganized Debtors have been notified in writing of a change of address).

Delivery of Distributions to Holders of Second Lien Notes Claims and Subordinated PIK Notes Claims. The Indenture Trustees shall act as Disbursing Agents for the purposes of Distributions to be made under the Plan on account of each Second Lien Notes Claim and Subordinated PIK Notes Claim in accordance with the terms of the Second Lien Notes Indenture or the Subordinated PIK Notes Indenture (as applicable and other than any subordination provisions therein) and the Plan. Notwithstanding anything in the Plan to the contrary, and without limiting the exculpation and release provisions of the Plan, the Indenture Trustees shall not have any liability to any Person with respect to Distributions made or directed to be made by the Indenture Trustees.

Distribution of Cash. Any payment of Cash by the Reorganized Debtors pursuant to the Plan shall be made at the option and in the sole discretion of the Reorganized Debtors by (i) a check drawn on, or (ii) wire transfer from, a domestic bank selected by the Reorganized Debtors.

Unclaimed Distributions of Cash. Any Distribution of Cash under the Plan that is unclaimed after six months after it has been delivered (or attempted to be delivered) shall, pursuant to section 347(b) of the Bankruptcy Code, become the property of the Reorganized Debtors notwithstanding any state or other escheat or similar laws to the contrary, and the entitlement by the holder of such unclaimed Allowed Claim to such Distribution or any subsequent Distribution on account of such Allowed Claim shall be extinguished and forever barred.

Distributions of New Equity Interests. On or about the Effective Date, the Disbursing Agent shall distribute the New Equity Interests in accordance with Article IV.B of the Plan.

Unclaimed Distributions of New Equity Interests. Any Distribution of New Equity Interests under the Plan that is unclaimed after six months after it has been delivered (or attempted to be delivered) shall be retained by the Reorganized Debtors, notwithstanding any state or other escheat or similar laws to the contrary, and the entitlement by the holder of such Allowed Claim to such Distribution or any subsequent Distribution on account of such Allowed Claim shall be extinguished and forever barred.

Saturdays, Sundays, or Legal Holidays. If any payment, Distribution or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or Distribution or the performance of such act may be completed on the next succeeding Business Day, and shall be deemed to have been completed as of the required date.

Fractional New Equity Interests and De Minimis Distributions. Notwithstanding any other provision in the Plan to the contrary, no fractional units of New Equity Interests shall be issued or distributed pursuant to the Plan. Whenever any Distribution of a fraction of a unit of New Equity Interests would otherwise be required under the Plan, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole unit (up or down), with half units or less being rounded down and fractions in excess of a half of a unit being rounded up. No consideration will be provided in lieu of fractional units that are rounded down. Fractional units of New Equity Interests that are not distributed in accordance with Article VII.B.8 of the Plan shall be cancelled. The Reorganized Debtors shall not be required to, but may in their sole and absolute discretion, make any payment on account of any Claim in the event that the costs of making such payment exceeds the amount of such payment.

Distributions to Holders of Claims:

Initial Distribution to Claims Allowed as of the Effective Date. On or as soon as reasonably practicable after the Effective Date, or as otherwise expressly set forth in the Plan, the Disbursing Agent shall distribute Cash, New Equity Interests, or Collateral, as the case may be, to the holders of Allowed Claims as contemplated in the Plan.

Claims Allowed after the Effective Date. Each holder of a Claim that becomes an Allowed Claim subsequent to the Effective Date shall receive the Distribution to which such holder of an Allowed Claim is entitled as set forth in Article III of the Plan, and Distributions to such holder shall be made in accordance with the provisions of the Plan. As soon as practicable after the date that the Claim becomes an Allowed Claim, the Reorganized Debtors shall provide to the holder of such Claim the Distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim.

Special Rules for Distributions to Holders of Disputed Claims. Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the relevant parties, no partial payments and no partial Distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims. If the Debtors, Reorganized Debtors or any other party in interest dispute any General Unsecured Claim, such dispute shall be governed by Article VIII.A.3 of the Plan.

Interest on Claims . Except as specifically provided for in the Plan, no Claims, Allowed or otherwise (including Administrative Claims), shall be entitled, under any circumstances, to receive any interest on a Claim.

Allocation of Consideration

The aggregate consideration to be distributed to the holders of Allowed Claims in each Class under the Plan shall be treated as first satisfying an amount equal to the principal amount of the Allowed Claim for such holders, and any remaining consideration as satisfying accrued, but unpaid interest, as applicable.

Estimation.

Prior to or after the Effective Date, the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors, as applicable, may (but are not required to), at any time, request that the Court estimate (i) any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code or (ii) any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, for any reason, regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Court has ruled on any such objection. The Court will retain jurisdiction to estimate any Claim at any time, including during proceedings

concerning any objection to such Claim. In the event that the Court estimates any Claim, such estimated amount shall constitute either (i) the Allowed amount of such Claim, (ii) the amount on which a reserve is to be calculated for purposes of any reserve requirement under the Plan or (iii) a maximum limitation on such Claim, as determined by the Court. If the estimated amount constitutes the maximum limitation on such Claim, the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors, as the case may be, may elect to object to any ultimate allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another.

Insured Claims.

If any portion of an Allowed Claim is an Insured Claim, no Distributions under the Plan shall be made on account of such Allowed Claim until the holder of such Allowed Claim has exhausted all remedies with respect to any applicable insurance policies. To the extent that the Debtors' insurers agree to satisfy a Claim in whole or in part, then immediately upon such agreement, the portion of such Claim so satisfied may be expunged without an objection to such Claim having to be filed and without any further notice to or action, order or approval of the Court.

Setoffs and Recoupments.

Each Reorganized Debtor, or such entity's designee (including, without limitation, the Disbursing Agent) as instructed by such Reorganized Debtor, may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off and/or recoup against any Allowed Claim, and the distributions to be made pursuant to the Plan on account of such Allowed Claim, any and all claims, rights and Causes of Action that a Reorganized Debtor or its successors may hold against the holder of such Allowed Claim after the Effective Date; provided, however, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim under the Plan will constitute a waiver or release by a Reorganized Debtor or such entity's designee or its successor of any and all claims, rights (including, without limitation, rights of setoff and/or recoupment) and Causes of Action that a Reorganized Debtor or such entity's designee or its successor may possess against such holder. For the avoidance of doubt, the Distribution Trustee shall not have any authority to exercise any rights of the Debtors or Reorganized Debtors to setoff or recoupment.

Rights and Powers of Disbursing Agent

Powers of Disbursing Agent. The Disbursing Agent shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (ii) make all applicable distributions or payments contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court (including any order issued after the Effective Date), pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

Expenses Incurred on or After the Effective Date. Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Reorganized Debtors, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement Claims (including, without limitation, reasonable attorney and other professional fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

Fees and Expenses of the Second Lien Indenture Trustee. All fees and expenses of the Second Lien Indenture Trustee must be paid in full in cash on the Effective Date.

F. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Court shall retain exclusive jurisdiction over all matters arising out of, or related to,

the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction:

i. to resolve any matters related to (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which one or more of the Debtors or the Reorganized Debtors is party or with respect to which the Debtors or the Reorganized Debtors may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; and (b) any dispute regarding whether a contract or lease is or was executory or expired;

ii. to determine, adjudicate, or decide any other applications, adversary proceedings, contested matters, and any other matters pending on the Effective Date;

iii. to ensure that distributions to holders of Allowed Claims are accomplished as provided in the Plan;

iv. to resolve disputes as to the ownership of any Claim or Equity Interest;

v. to allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;

vi. enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, reversed, modified, or vacated;

vii. issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

viii. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Court, including the Confirmation Order;

ix. hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Bankruptcy Code;

x. hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan;

xi. hear and determine any issue for which the Plan requires a Final Order of the Court;

xii. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

xiii. hear and determine disputes arising in connection with compensation and reimbursement of expenses of professionals for services rendered during the period commencing on the Petition Date through and including the Effective Date;

xiv. hear and determine any Causes of Action preserved under the Plan;

xv. hear and determine any matter regarding the existence, nature, and scope of the Debtors' discharge;

xvi. to hear and determine all Causes of Actions for Covered Actions as provided in Article VII.G of the Plan;

xvii. to hear and determine any matter, case, controversy, suit, dispute, or Cause of Action (i) regarding the existence, nature, and scope of the discharge, releases, injunctions, and exculpation provided under the Plan, and (ii) enter such orders as may be necessary or appropriate to implement such discharge, releases, injunctions, exculpations, and other provisions;

xviii. enter a final decree closing the Chapter 11 Cases;

xix. to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation or enforcement of the Plan;

xx. adjudicate any and all disputes arising from or relating to distributions under the Plan;

xxi. to adjudicate any and all disputes arising from or relating to the Rights Offering Procedures;

xxii. enforce all orders previously entered by the Court; and

xxiii. hear any other matter not inconsistent with the Bankruptcy Code.

For the avoidance of doubt, the Court shall not retain exclusive jurisdiction with respect to the following documents entered into by the Reorganized Debtors on or after the Effective Date: (i) the New First Lien Notes Indenture, (ii) the New First Lien Notes Documents, (iii) the Organizational Documents for any of the other Reorganized Debtors, and (iv) the Reorganized NGR Holding Management Incentive Plan.

G. Executory Contracts and Unexpired Leases.

The Bankruptcy Code grants the Debtors the power, subject to the approval of the Court, to assume or reject executory contracts and unexpired leases. If an executory contract or unexpired lease is rejected, the other party to the agreement may file a claim for damages, if any, incurred by reason of the rejection. In the case of the Debtors' rejection of leases of real property, such damage claims are subject to certain caps imposed by the Bankruptcy Code.

Assumption of Executory Contracts.

Unless an Executory Contract: (i) was assumed or rejected, as mutually agreed upon by the Debtors and the Requisite Supporting Noteholders; (ii) was previously expired or terminated pursuant to its own terms; (iii) is the subject, as mutually agreed upon by the Debtors and the Requisite Supporting Noteholders, of a motion to reject filed on or before the Confirmation Date; or (iv) is designated specifically or by category as an Executory Contract on the Schedule of Rejected Executory Contracts, each Executory Contract shall be deemed assumed, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code. The assumption of Executory Contracts under the Plan may include the assignment of certain of such contracts to the Debtors. The Confirmation Order will constitute an order of the Bankruptcy Court approving the above-described assumptions and assignments pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

Except as otherwise provided in the Plan or agreed to by the Debtors, the Requisite Supporting Noteholders and the applicable counterparty, each assumed Executory Contract shall include all modifications, amendments, supplements, restatements, or other agreements related thereto, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or the validity, priority, or amount of any Claims that may arise in connection therewith.

Cure Claims

Cure Payments. Except to the extent that less favorable treatment has been agreed to by the non-Debtor party or parties to each such Executory Contract, any monetary defaults arising under each Executory Contract to be assumed pursuant to the Plan (subject to the consent of the Requisite Supporting Noteholders) shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the appropriate amount (the "**Cure Amount**") in Cash on the later of thirty (30) calendar days after: (i) the Effective Date; and (ii) the date on which any Cure Dispute relating to such Cure Amount has been resolved (either consensually or through judicial decision).

Cure Schedule and Objections. No later than twenty-one (21) calendar days prior to the commencement of the Confirmation Hearing, the Debtors shall file a cure schedule (which shall be satisfactory in form, substance and amount to the Requisite Supporting Noteholders) and serve such cure schedule on each applicable counterparty. Any party that fails to object to the applicable Cure Amount listed on the Cure Schedule within seven (7) Business Days before the Confirmation Hearing, shall be forever barred, estopped and enjoined from disputing the Cure Amount set forth on the Cure Schedule (including a Cure Amount of $0.00) and/or from asserting any Claim against the applicable Debtor arising under section 365(b)(1) of the Bankruptcy Code except as set forth on the Cure Schedule.

Cure Disputes. In the event of a dispute (each, a "**Cure Dispute**") regarding: (i) the Cure Amount; (ii) the ability of the applicable Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to the proposed assumption, or the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving such Cure Dispute and approving the assumption. To the extent a Cure Dispute relates solely to the Cure Amount, the applicable Debtor may assume and/or assume and assign the applicable contract or lease prior to the resolution of the Cure Dispute provided that such Debtor reserves Cash in an amount sufficient to pay the full amount reasonably asserted as the required cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court or otherwise agreed to by such non-Debtor party and the Reorganized Debtors). To the extent the Cure Dispute is resolved or determined unfavorably to the applicable Debtor or Reorganized Debtor, as applicable, such Debtor or Reorganized Debtor, as applicable, may reject the applicable Executory Contract after such determination.

To the extent applicable, any Executory Contracts, including related instruments and agreements, assumed or deemed assumed during the Chapter 11 Cases, shall be deemed modified such that the transactions contemplated by the Plan shall not constitute a "change of control" or "assignment" (or terms with similar effect) under, or any other transaction or matter that would result in a violation, breach or default under, or increase, accelerate or otherwise alter any obligations or liabilities of the Debtors or the Reorganized Debtors under, or result in the creation or imposition of a Lien upon any property or asset of the Debtors or the Reorganized Debtors pursuant to, the applicable Executory Contract, and any consent or advance notice required under such Executory Contract shall be deemed satisfied by Confirmation.

On the Effective Date, each Executory Contract that is listed on the Schedule of Rejected Executory Contracts shall be deemed rejected or repudiated pursuant to Bankruptcy Code section 365. Until the Effective Date, the Debtors, with the consent of the Requisite Supporting Noteholders, expressly reserve their right to amend the Schedule of Rejected Executory Contracts to delete any Executory Contract therefrom or to add any Executory Contract thereto.

All Claims arising from the rejection of Executory Contracts, if any, will be treated as General Unsecured Claims. All such Claims shall be discharged on the Effective Date, and shall not be enforceable against the Debtors, the Reorganized Debtors or their respective properties or interests in property. In the event that the rejection of an Executory Contract by any of the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, or their respective properties or interests in property as agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtors and the Reorganized Debtors on or before the date that is

thirty (30) days after the effective date of such rejection (which may be the Effective Date, or the date on which the Debtors reject the applicable contract or lease pursuant to an order of the Bankruptcy Court).

ASSUMPTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE PURSUANT TO THE PLAN OR OTHERWISE SHALL RESULT IN THE FULL RELEASE AND SATISFACTION OF ANY CLAIMS OR DEFAULTS, WHETHER MONETARY OR NONMONETARY, INCLUDING DEFAULTS OF PROVISIONS RESTRICTING THE CHANGE IN CONTROL OR OWNERSHIP INTEREST COMPOSITION OR OTHER BANKRUPTCY-RELATED DEFAULTS, ARISING UNDER ANY ASSUMED EXECUTORY CONTRACT OR UNEXPIRED LEASE AT ANY TIME BEFORE THE DATE ANY OF THE DEBTORS OR THE REORGANIZED DEBTORS ASSUMES SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE. ANY PROOFS OF CLAIM FILED WITH RESPECT TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE THAT HAS BEEN ASSUMED SHALL BE DEEMED DISALLOWED AND EXPUNGED, WITHOUT FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE COURT.

Obligations arising under insurance policies assumed by any of the Debtors before the Effective Date shall be adequately protected in accordance with any order authorizing such assumption.

Reservation of Rights.

Nothing contained in the Plan shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or that any Debtor or Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption, the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, in which case the deemed assumptions and rejections provided for in the Plan shall not apply to such contract or lease.

Assignment.

Any Executory Contract to be held by any of the Debtors or the Reorganized Debtors and assumed under the Plan or otherwise in the Chapter 11 Cases, if not expressly assigned to a third party previously in the Chapter 11 Cases, will be deemed assigned to the applicable Reorganized Debtor pursuant to section 365 of the Bankruptcy Code. If an objection to a proposed assumption, assumption and assignment, or Cure Claim is not resolved in favor of the Debtors before the Effective Date, the applicable Executory Contract may be designated by the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors for rejection within five Business Days of the entry of the order of the Court resolving the matter against the Debtors. Such rejection shall be deemed effective as of the Effective Date.

Insurance Policies.

Notwithstanding anything in the Plan to the contrary, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan. On the Effective Date, the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments related thereto. Unless otherwise determined by the Bankruptcy Court prior to the Effective Date, or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults (if any) of the Debtors existing as of the Effective Date with respect to each such insurance policy or agreement, and to the extent that the Bankruptcy Court determines otherwise as to any such insurance policy or agreement, the Debtors' rights to seek the rejection of such insurance policy or agreement or other available relief within thirty (30) days of such determination are fully reserved; *provided, however*, that the rights of any party that issues an insurance policy or agreement to object to such proposed rejection on any and all grounds are fully reserved. Nothing in the Plan, the Plan Documents, the Plan Supplement or the Confirmation Order (a) alters, modifies or otherwise amends the terms and conditions of (or the coverage provided by) any of the insurance policies or agreements, (b) limits the Reorganized Debtors from asserting a right or claim to the proceeds of any insurance policy or agreement that insures any Debtor, was issued to any Debtor or was assumed by the Reorganized Debtors by operation of the Plan or (c) impairs, alters, waives, releases, modifies or amends any of the

Debtors' or Reorganized Debtors' legal, equitable or contractual rights, remedies, claims, counterclaims, defenses or Causes of Action in connection with any of such insurance policies or agreements.

Post-Petition Contracts and Leases.

All contracts, agreements, and leases that were entered into by one or more of the Debtors or assumed by any of the Debtors after the Petition Date shall be deemed assigned by the applicable Debtor(s) to the applicable Reorganized Debtor(s) on the Effective Date.

Compensation and Benefit Programs.

Except as such benefits may be otherwise terminated by the Debtors in a manner permissible under applicable law, or as may otherwise set forth in the Plan Supplement, all Existing Benefits Agreements shall be deemed assumed as of the Effective Date. Notwithstanding anything to the contrary contained in the Plan, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

VIII. CONFIRMATION AND EFFECTIVENESS OF THE PLAN

A. Conditions Precedent to Effectiveness

The Plan provides that the following conditions are conditions to the entry of the Confirmation Order unless such conditions, or any of them, have been satisfied or duly waived in accordance with Article XI.B of the Plan:

i. the Confirmation Order entered by the Court shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders;

ii. the Confirmation Order shall have become a Final Order and shall not have been stayed, modified, or vacated;

iii. the Plan Supplement and the Definitive Documents (as such term is defined in the Restructuring Support Agreement) shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders and shall have been executed and delivered, and any conditions precedent contained to effectiveness therein having been satisfied or waived in accordance therewith;

iv. all other actions, documents, certificates, and agreements necessary to implement the Plan, each in form and substance satisfactory to the Debtors and the Requisite Supporting Noteholders, shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable Governmental Units in accordance with applicable laws;

v. all necessary authorizations, consents, and all governmental, regulatory and third party approvals, authorizations, certifications, rulings, no-action letters, opinions, waivers and/or consents in connection with the Plan, if any having been obtained and remaining in full force and effect, and there existing no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court or before any arbitrator or governmental instrumentality, which would prohibit the consummation of the Plan;

vi. the Reorganized Debtors shall have executed the New First Lien Notes Indenture and all other New First Lien Notes Documents, and all conditions precedent to effectiveness and

issuance of the New First Lien Notes (including the issuance of the DIP Exchange Notes) shall have been satisfied or waived in accordance with the terms of the New First Lien Notes;

vii. (i) the Restructuring Support Agreement shall not have been terminated in accordance with the terms thereof, and the Restructuring Support Agreement shall be in full force and effect, and (ii) all conditions to closing set forth in the Restructuring Support Agreement shall have been satisfied or waived in accordance with its terms

viii. (i) the Backstop Agreement shall not have been terminated in accordance with the terms thereof, and the Backstop Agreement shall be in full force and effect, and (ii) all conditions to closing set forth in the Backstop Agreement shall have been satisfied or waived in accordance with its terms; and

ix. all unpaid Transaction Expenses shall have been paid pursuant to the applicable fee letters of such professionals.

B. Waiver of Conditions Precedent to Effectiveness

The Debtors, with the prior written consent of the Requisite Supporting Noteholders, may waive conditions set forth in Article XI.A of the Plan above at any time without leave of or order of the Court and without any formal action.

If any condition precedent to the Effective Date is waived pursuant to Article XI.B of the Plan and the Effective Date occurs, the waiver of such condition shall benefit from the "mootness doctrine," and the act of consummation of the Plan shall foreclose any ability to challenge the Plan in any court.

C. Effect of Failure of Conditions

In the event that the Effective Date does not occur on or before [•], but in no event later than [•], upon notification submitted by the Debtors (with the consent of the Requisite Supporting Noteholders) to the Court: (i) the Confirmation Order may be vacated, (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; and (iv) the Debtors' obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver, release, or discharge of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors unless extended by Court order.

D. Vacatur of Confirmation Order

If a Final Order denying confirmation of the Plan is entered, or if the Confirmation Order is vacated, then the Plan shall be null and void in all respects, and nothing contained in the Plan shall: (i) constitute a waiver, release, or discharge of any Claims or Equity Interests; (ii) prejudice in any manner the rights of the holder of any Claim or Equity Interest; (iii) prejudice in any manner any right, remedy, or claim of the Debtors; or (iv) be deemed an admission against interest by the Debtors.

E. Modification of the Plan

Subject to the limitations contained in the Plan, and subject to the terms of the Restructuring Support Agreement, (i) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, with the prior written consent of the Requisite Supporting Noteholders, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy section 1129(b) of the Bankruptcy Code, and (ii) after entry of the Confirmation Order, with the prior written consent of the Requisite Supporting Noteholders, the Debtors or the Reorganized Debtors, as the case may be, may, upon order of the Court,

amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code. Notwithstanding the foregoing, the Confirmation Order shall authorize the Debtors or the Reorganized Debtors, as the case may be, with the consent of the Requisite Supporting Noteholders, to make appropriate technical adjustments, remedy any defect or omission, or reconcile any inconsistencies in the Plan, the documents included in the Plan Supplement, any and all exhibits to the Plan, and/or the Confirmation Order, as may be necessary to carry out the purposes and effects of the Plan, provided, however, that such action does not materially and adversely affect the treatment of the Class of holders of Allowed Claims or Equity Interests pursuant to the Plan.

F. Revocation, Withdrawal, or Non-Consummation

Right to Revoke or Withdraw. The Debtors (with the prior written consent of the Requisite Supporting Noteholders) reserve the right to revoke or withdraw the Plan at any time before the Effective Date; *provided*, *however*, that this provision shall have no impact on the rights of the Ad Hoc Committee, as set forth in the Restructuring Support Agreement, in respect of any such revocation or withdrawal.

Effect of Withdrawal, Revocation, or Non-Consummation. If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Confirmation Date or the Effective Date does not occur, the Plan, any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), the assumption or rejection of Executory Contracts, Unexpired Leases or benefit plans effected by the Plan, any release, exculpation, or indemnification provided for in the Plan, and any document or agreement executed pursuant to the Plan shall be null and void. In such event, nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims by or against or Equity Interests in the Debtors or any other Person, to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or to constitute an admission of any sort by the Debtors or any other Person.

IX. CONFIRMATION PROCEDURES

A. Confirmation Hearing

Section 1129(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to hold a hearing on confirmation of a chapter 11 plan and section 1129(b) provides that any party in interest may object to the confirmation of the chapter 11 plan. On the Petition Date, the Debtors filed a motion to schedule a hearing on confirmation of the Plan (the "**Confirmation Hearing**"). Notice of the Confirmation Hearing will be provided to holders of Claims and Equity Interests or their agents or representatives as established in the order establishing the schedule for the Confirmation Hearing and related objections (the "**Notice of Confirmation Hearing**"). Objections to confirmation of the Plan must be filed with the Court by the date set forth in the Notice of Confirmation Hearing and will be governed by Bankruptcy Rules 3020(b) and 9014 and the local rules of the Court. UNLESS AN OBJECTION IS TIMELY FILED AND SERVED, IT MAY NOT BE CONSIDERED BY THE COURT.

B. Standards for Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all Impaired classes of Claims and Equity Interests or, if rejected by an Impaired class, that the plan "does not discriminate unfairly" and is "fair and equitable" as to such class, (ii) feasible and (iii) in the "best interests" of creditors and equity interest holders that are Impaired under the Plan.

The following requirements must be satisfied pursuant to section 1129(a) of the Bankruptcy Code before the Bankruptcy Court may confirm a plan of reorganization. The Plan fully complies with the statutory requirements for Confirmation listed below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The proponents of the Plan have complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or to be made by the Debtors (or any other proponent of the Plan) or by a Person issuing Securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Chapter 11 Cases, in connection with the Plan and incident to the Chapter 11 Cases is subject to the approval of the Bankruptcy Court as reasonable.

- The Debtors (or any other proponent of the Plan) have disclosed the identity and affiliations of any individual proposed to serve, after Confirmation, as a director, or officer, the Reorganized Debtors, any Affiliate of the Debtors reorganized under the Plan, or any successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of Creditors and holders of Interests and with public policies.

- The proponent of the Plan has disclosed the identity of any Insider that will be employed or retained the Reorganized Debtors and the nature of any compensation for such Insider.

- Any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtors has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval.

- With respect to each holder within an Impaired Class of Claims or Interests, each such holder (a) has accepted the Plan or (b) will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

- With respect to each Class of Claims or Interests, such Class (a) has accepted the Plan or (b) is Unimpaired under the Plan (subject to the "cram-down" provisions discussed below).

- The Plan provides for treatment of Claims, as applicable, in accordance with the provisions of section 507(a) of the Bankruptcy Code.

- If a Class of Claims or Equity Interests is Impaired under the Plan, at least one Class of Claims or Equity Interests that is Impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any Insider.

- Confirmation is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Reorganized Debtors, or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan.

- All fees payable under 28 U.S.C. § 1930 have been paid or the Plan provides for the payment of all such fees on the Effective Date.

Best Interests Test/Liquidation Analysis

As described above, section 1129(a)(7) of the Bankruptcy Code requires that each holder of an Impaired Claim or Interest either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. To assist holders in determining whether the Plan meets this requirement, the

Debtors, with the assistance of **[•]**, have prepared an unaudited liquidation analysis, which is attached hereto as Exhibit G (the "**Liquidation Analysis**"). The distributions to all classes of Claims and Interests will exceed any likely recovery under chapter 7 of the Bankruptcy Code. Therefore, as more fully discussed in further detail in Article X.A of this Disclosure Statement, the Debtors believe that the Plan satisfies the best interests test of Bankruptcy Code section 1129(a)(7).

Feasibility

The Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan of reorganization is not likely to be followed by liquidation or the need for further financial reorganization. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. As part of this analysis, and as discussed in further detail in Article X.A of this Disclosure Statement, the Debtors have prepared projections, which, together with the assumptions on which they are based, are attached hereto as **Exhibit F** (the "**Financial Projections**"). Based on such Financial Projections, the Debtors believe that they will be able to make all payments required under the Plan. Therefore, Confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

Confirmation Without Acceptance by All Impaired Classes

Under Bankruptcy Code section 1129(b), the Bankruptcy Court may confirm a plan of reorganization over the rejection or deemed rejection of the plan of reorganization by a class of claims or interests if the plan of reorganization "does not discriminate unfairly" and is "fair and equitable" with respect to such class. In these cases, only the class of NGR Holding Equity Interests is deemed to reject the Plan. As set forth more fully below, the Plan does not unfairly discriminate against the holders of such NGR Holding Equity Interests and is fair and equitable with respect to such Interests. Holders of NGR Holding Equity Interests are out of the money and accordingly not entitled to receive any distributions under the Bankruptcy Code.

No Unfair Discrimination

This test applies to Classes of Claims or Equity Interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." The Debtors do not believe the Plan discriminates unfairly against any Impaired Class of Claims or Equity Interests. The Debtors believe the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation.

Fair and Equitable Test

This test applies to Classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no Class of Claims or Equity Interests receive more than 100% of the amount of the allowed Claims or Equity Interests in such Class. As to the dissenting Class, the test sets different standards depending on the type of Claims or Equity Interests of the Debtor in such Class. In order to demonstrate that a plan is fair and equitable, the plan proponent must demonstrate:

- Secured Creditors: Each holder of a secured claim: (1) retains its liens on the property, to the extent of the allowed amount of its secured claim, and receives deferred cash payments having a value, as of the effective date of the chapter 11 plan, of at least the allowed amount of such claim; (2) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof); or (3) receives the "indubitable equivalent" of its allowed secured claim.

- Unsecured Creditors: Either (1) each holder of an impaired unsecured claim receives or retains under the chapter 11 plan property of a value equal to the amount of its allowed claim or (2) the holders of claims and interests that are junior to the claims of the non-accepting class will not receive any property under the chapter 11 plan.

- Equity Interests: Either (1) each holder of an impaired interest will receive or retain under the chapter 11 plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled, or the value of the interest or (2) the holders of interests that are junior to the non-accepting class will not receive or retain any property under the chapter 11 plan.

The Debtors believe the Plan satisfies the "fair and equitable" requirement notwithstanding that Class 9 is deemed to reject the Plan, because, as to such Class, there is no Class of equal priority receiving more favorable treatment and no Class that is junior to such Class will receive or retain any property on account of the Claims in such Class.

The Release, Exculpation and Injunction Provisions Contained in the Plan

Article VII.E of the Plan provides for releases of certain claims and Causes of Action that the Debtors may hold against the Released Parties. The Released Parties are comprised of the following Entities: (a) the Debtors and Reorganized Debtors; (b) the DIP Agent; (c) the DIP Lenders; (d) the Ad Hoc Committee; (e) the RSA Parties; (f) the Indenture Trustees; (g) the Prepetition First Lien Agent and Lenders; (h) the holders of the Second Lien Notes; (i) the holders of the Subordinated PIK Notes; (j) the holders of NGR Holding Equity Interests; and (k) with respect to each of the foregoing Entities in clauses (a) through (j), such Entity's predecessors, successors and assigns, affiliates, subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former (to the extent employed or serving at any time during the Chapter 11 Cases) directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, Professionals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (each solely in their capacity as such); provided however, that the Released Parties shall not include any Person that receives and returns a Ballot or confirmation notice, as the case may be, indicating that such Person elects to opt out of the Plan releases provided for in Article VII.F of the Plan. Any holder that elects to opt out of the voluntary releases set forth in Article VII.F the Plan shall not receive the benefit of the releases (1) by the Debtors as set forth in Article VII.E of the Plan and (2) by the holders of other Claims and Equity Interests as set forth in Article VII.F of the Plan, and the Debtors or Reorganized Debtors, as the case may be, reserve all rights, claims and causes of action against such Holders, including claims arising under Chapter 5 of the Bankruptcy Code. Holders of General Unsecured Claims in Class 4 are not included among the Releasing Parties granting releases under Article VII.F of the Plan. Accordingly, in the event that Class 4 becomes Impaired and is entitled to vote on the Plan, the Ballots distributed to Holders of Class 4 Claims will not include an election that allows the Holder to opt out of the releases in Article VII.F.

Article VII.F of the Plan provides for releases of certain claims and Causes of Action that holders of Claims or Equity Interests may hold against the Released Parties in exchange for good and valuable consideration, including the service of the Released Parties to facilitate the reorganization of the Debtors, the implementation of the restructuring contemplated by the Restructuring Support Agreement or the Plan, and the compromises contained in the Plan (the "**Third-Party Release**"). The holders of Claims and Interests who are releasing certain claims and Causes of Action against the Released Parties under the Third-Party Release include: (a) the Debtors and Reorganized Debtors; (b) the DIP Agent; (c) the DIP Lenders; (d) the Ad Hoc Committee; (e) the RSA Parties; (f) the Indenture Trustees; (g) the Prepetition First Lien Agent and Lenders; (h) the holders of the Second Lien Notes; (i) the holders of the Subordinated PIK Notes; (j) the holders of NGR Holding Equity Interests; and (k) with respect to each of the foregoing Entities in clauses (a) through (j), such Entity's predecessors, successors and assigns, affiliates, subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former (to the extent employed or serving at any time during the Chapter 11 Cases) directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, Professionals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (each solely in their capacity as such); provided however, that the Released Parties shall not include any Person that receives and returns a Ballot or confirmation notice, as the case may be, indicating that such Person elects to opt out of the Plan releases provided for in Article VII.F of the Plan. Any holder that elects to opt out of the voluntary releases set forth in Article VII.F the Plan shall not receive the benefit of the releases (1) by the Debtors as set forth in Article VII.E of the Plan and (2) by the holders of other Claims and Equity Interests as set forth in Article VII.F of the Plan, and the Debtors or Reorganized Debtors, as the case may be, reserve all rights,

claims and causes of action against such Holders, including claims arising under Chapter 5 of the Bankruptcy Code. Holders of General Unsecured Claims in Class 4 are not included among the Releasing Parties granting releases under Article VII.F of the Plan. Accordingly, in the event that Class 4 becomes Impaired and is entitled to vote on the Plan, the Ballots distributed to Holders of Class 4 Claims will not include an election that allows the Holder to opt out of the releases in Article VII.F.

Article VII.G of the Plan provides for the exculpation from liability of each Exculpated Party for any Restructuring-Related Actions. The released and exculpated claims are limited to those claims or Causes of Action that may have arisen in connection with, related to, or arising out of the restructuring of the Debtors or the Chapter 11 Cases.

Article VII.H of the Plan permanently enjoins Entities who have held, hold, or may hold Claims or Equity Interests against the Debtors that have been released or discharged pursuant to the Plan or are subject to exculpation pursuant to the Plan from asserting such Claims or Equity Interests, or taking certain other actions, against the Debtors, the Reorganized Debtors and the Released Parties.

Under applicable law, the Debtors' release of the Released Parties is appropriate where: (a) there is an identity of interest between the debtor and the third party, such that a suit against the released non-debtor party is, at core, a suit against the debtor or will deplete assets of the estate; (b) there is a substantial contribution by the non-debtor of assets to the reorganization; (c) the injunction is essential to the reorganization; (d) there is overwhelming creditor support for the injunction; and (e) the chapter 11 plan will pay all or substantially all of the claims affected by the injunction. *See In re Indianapolis Downs, LLC*, 486 B.R. 286, 303 (Bankr. D. Del. 2013). Importantly, these factors are "neither exclusive nor are they a list of conjunctive requirements," but "[i]nstead, they are helpful in weighing the equities of the particular case after a fact-specific review." *Id.* Further, a chapter 11 plan may provide for a release of third party claims against non-debtors, such as the Third-Party Release, where such releases are consensual. *Id.* at 304–06. In addition, exculpation is appropriate where it applies to estate fiduciaries. *Id.* at 306. Finally, an injunction is appropriate where it is necessary to the reorganization and fair pursuant to section 105(a) of the Bankruptcy Code. *See In re W.R. Grace & Co.*, 475 B.R. 34, 107 (D. Del. 2012).

The Debtors believe that the releases, exculpations, and injunctions set forth in the Plan are appropriate because, among other things, the releases are narrowly tailored to the Debtors' restructuring proceedings, and each of the Released Parties has afforded value to the Debtors and aided in the reorganization process, which facilitated the Debtors' ability to propose and pursue confirmation of the Plan. The Debtors believe that each of the Released Parties has played an integral role in negotiating and formulating the Restructuring Support Agreement and the Plan and has expended significant time and resources analyzing and negotiating the issues presented by the Debtors' prepetition capital structure. Furthermore, holders of Second Lien Notes Claims are voluntarily forgoing their right to part of the distributions under the Plan that they are otherwise entitled to receive so that the Debtors can (i) pay in full Allowed General Unsecured Claims, such as the Claims of suppliers and vendors, in the ordinary course according to existing business terms and (ii) provide a distribution of a portion of the New Equity Interests to holders of Subordinated PIK Notes Claims. In addition, certain holders of Second Lien Notes Claims have agreed to backstop the Rights Offering. The Debtors further believe that such releases, exculpations, and injunctions are a necessary part of the Plan. Finally, the Debtors believe the Third-Party Release is entirely consensual under the established case law in the United States Bankruptcy Court for the District of Delaware. *See Indianapolis Downs*, 486 B.R. at 304–06. The Debtors will be prepared to meet their burden to establish the basis for the releases, exculpations, and injunctions for each of the Released Parties and each Exculpated Party as part of Confirmation of the Plan.

C. Alternatives to Confirmation and Consummation of the Plan

If the Plan is not confirmed and consummated, the alternatives to the Plan include (i) liquidation of the Debtor under chapter 7 of the Bankruptcy Code and (ii) an alternative plan of reorganization or a plan of liquidation.

The Court could confirm a plan different from the Plan. While the Plan provides for the reorganization of the Debtors' business as a going concern and the conversion of approximately $527 million of funded debt to equity, a different plan might involve either a reorganization and continuation of the Debtors'

business or, in the alternative, a sale or liquidation of the Debtors' assets. In the event the Plan is not confirmed, there is no guaranty the Debtors will be able to obtain any investment at all, let alone one that would provide recoveries as favorable to its stakeholders as those provided pursuant to the Plan. As an alternative to a going concern reorganization, a sale or liquidation of Debtors' assets would, in Debtors' view, be unlikely to provide returns equal or greater to the returns provided by the Plan.

The Debtors believe that any alternative to the Plan would provide far less certainty and could involve a larger Claims pool, diminished recoveries, significant delay, and larger administrative costs. The Debtors believe that the Plan, as described in the Plan, enables creditors to realize the highest and best value under the circumstances as compared to any foreseeable alternative.

If no plan is confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities established by chapter 7 of the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Equity Interests is set forth in the Liquidation Analysis annexed as **Exhibit G** to this Disclosure Statement. For the reasons above, the Debtors believe that liquidation under chapter 7 of the Bankruptcy Code would result in smaller distributions being made to creditors than those provided for in the Plan.

X. LIQUIDATION ANALYSIS, VALUATION AND FINANCIAL PROJECTIONS

A. Liquidation Analysis

The Debtors believe that the Plan provides a greater recovery for holders of Allowed Claims and Equity Interests as would be achieved in a liquidation under chapter 7 of the Bankruptcy Code. This belief is based on a number of considerations, including: (a) the likely erosion in value of the Debtors' assets in a chapter 7 case in the context of an expeditious liquidation and the "forced sale" atmosphere that would prevail under a chapter 7 liquidation; (b) the additional Administrative Claims generated by conversion to a chapter 7 case and any related costs in connection with a chapter 7 liquidation; (c) the absence of a robust market for the liquidation sale of the Debtors' assets and services in which such assets and services could be marketed and sold; and (d) the additional claims that would arise by reason of the breach or rejection in a chapter 7 of obligations under leases and executory contracts that would otherwise be assumed under the Plan.

The Debtors, with the assistance of **[•]**, have prepared the Liquidation Analysis, which is attached hereto as **Exhibit G**, to assist holders of Claims and Interests in evaluating the Plan. The Liquidation Analysis compares the projected recoveries that would result from the liquidation of the Debtors in a hypothetical case under chapter 7 of the Bankruptcy Code with the estimated distributions to holders of Allowed Claims and Interests under the Plan. The Liquidation Analysis is based on the value of the Debtors' assets and liabilities as of a certain date and incorporates various estimates and assumptions, including a hypothetical conversion to a chapter 7 liquidation as of a certain date. Further, the Liquidation Analysis is subject to potentially material changes, including with respect to economic and business conditions and legal rulings. Therefore, the actual liquidation value of the Debtors could vary materially from the estimate provided in the Liquidation Analysis.

B. Valuation Analysis

The Plan provides for the distribution of New NGR Common Stock to holders of Second Lien Notes Claims in Class 3 and Subordinated PIK Notes Claims in Class 5 upon consummation of the Plan. Accordingly, Barclays Capital Inc. ("**Barclay's**"), at the request of the Debtors, has performed an analysis, which is attached hereto as **Exhibit H**, of the estimated implied value of Reorganized NGR and its subsidiaries on a going-concern basis as of December 17, 2015 (the "**Valuation Analysis**"). The Valuation Analysis, including the procedures followed, assumptions made, qualifications, and limitations on review undertaken described therein, should be read in conjunction with Article XI of this Disclosure Statement, entitled "**Certain Risk Factors to be Considered**." The Valuation Analysis is dated December 17, 2015, and is based on data and information as of that date. Barclay's makes no representations as to changes to such data and information that may have occurred since the date of the Valuation Analysis.

C. Financial Projections

In connection with the planning and development of the Plan, the Debtors prepared projections for the calendar years 2016 through 2018 to present the anticipated impact of the Plan. The projections assume that the Plan will be implemented in accordance with its stated terms. The Debtors are unaware of any circumstances as of the date of this Disclosure Statement that would require the re-forecasting of the projections due to a material change in the Debtors' prospects. The projections are based on forecasts of key economic variables and may be significantly impacted by, among other factors, changes in the competitive environment, regulatory changes, and/or a variety of other factors, including the factors listed in this Disclosure Statement and in the projections. Accordingly, the estimates and assumptions underlying the projections are inherently uncertain and are subject to significant business, economic, and competitive uncertainties. Therefore, such projections, estimates, and assumptions are not necessarily indicative of current values or future performance, which may be significantly less or more favorable than set forth herein. The projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in this Disclosure Statement and other financial information. The Debtors' financial projections for the calendar years 2016 through 2018 including management's assumptions related thereto, are attached hereto as **Exhibit F**.

The Financial Projections are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors that could cause actual results to differ materially include, but are not limited to: the ability of Reorganized NGR to operate the Reorganized Debtors' businesses consistent with its projections generally, including the ability to maintain or increase revenue and cash flow to satisfy its liquidity needs, service its indebtedness and finance the ongoing obligations of its business, and to manage its future operating expenses and make necessary capital expenditures; the ability of the Reorganized Debtors to comply with the covenants and conditions under their credit facilities and their ability to borrow thereunder; material declines in demand for oil and gas; changes in production of, or demand for, hydrocarbons; social or political unrest or conflict in areas where New Gulf conducts its business; increases in costs including, without limitation, wages, insurance, provisions, changes in rules and regulations applicable to the industry; actions by the courts, the U.S. Department of Justice or other governmental or regulatory authorities, and the results of the legal proceedings to which the Reorganized Debtors or any of their affiliates may be subject; changes in the condition of the Debtors' assets or applicable regulatory standards; the Reorganized Debtors' ability to attract and maintain key executives, managers and employees; changes in general political conditions; and adverse changes in foreign currency exchange rates affecting the Debtors' expenses.

The projections should be read in conjunction Article XI of this Disclosure Statement, entitled "Certain Risk Factors to be Considered."

XI. CERTAIN RISK FACTORS TO BE CONSIDERED

Holders of claims against the Debtors should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated herein by reference) prior to voting to accept or reject the plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the plan and its implementation. Any of the following risks, as well as additional risks and uncertainties not currently known to the Debtors or that the Debtors deem immaterial, could materially adversely affect the Debtors' business, financial condition, results of operations and cash flows or cause the value of the securities offered under the plan to decline. The Debtors cannot assure you that any of the events discussed in the risk factors below will not occur, and if such events do occur you may lose all or part of your investment in the company.

The following provides a summary of various important considerations and risk factors associated with the plan; however, it is not exhaustive. In considering whether to vote to accept or reject the plan, holders of claims and equity interests should read and carefully consider the risk factors set forth below, as well as all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement.

A. Certain Bankruptcy Law Considerations

Parties in Interest May Object to the Debtors' Classification of Claims and Interests.

Section 1122 of the Bankruptcy Code provides that a debtor may place a claim or an equity interest in a particular class under a plan of reorganization only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests in the Plan complies with the Bankruptcy Code requirements because the Debtors classified Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance that the Court will reach the same conclusion.

Contingencies Not to Affect Votes of Impaired Classes to Accept or Reject the Plan.

The distributions available to holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether or not the Court enters an order subordinating certain Allowed Claims to other Allowed Claims. The occurrence of any and all such contingencies, which could affect the distributions available to holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Voting Class to accept or reject the Plan or require any sort of revote by the Voting Class.

The Restructuring Support Agreement Could be Terminated.

The Restructuring Support Agreement contains certain provisions that give the Ad Hoc Committee the ability to terminate the Restructuring Support Agreement if various conditions are satisfied.

Risk of Non-Confirmation, Non-Occurrence, or Delay of the Plan.

If votes are received from holders of Second Lien Note Claims, Impaired General Unsecured Claims and/or Subordinated PIK Note Claims in number and amount sufficient to satisfy the requirements to confirm a chapter 11 plan, then the Debtors will commence the Chapter 11 Cases and seek Confirmation of the Plan as soon as reasonably practicable. If insufficient votes are received, the Debtors may seek to accomplish an alternative to the Plan. There can be no assurance that the terms of an alternative plan would be similar, or as favorable, to the Holders of Allowed Claims as those proposed by the Plan.

For the Debtors to emerge successfully from the Chapter 11 Cases as a viable entity, the Debtors, like any other chapter 11 debtor, must obtain approval of the Plan from its creditors and confirmation of the Plan through the Court, and then successfully implement the Plan. The foregoing process requires the Debtors to (i) meet certain statutory requirements with respect to the adequacy of this Disclosure Statement, (ii) solicit and obtain creditor acceptances of the Plan, and (iii) fulfill other statutory conditions with respect to the confirmation of the Plan.

Although the Debtors believe that the Plan satisfies all of the requirements necessary for confirmation by the Court, there can be no assurance that the Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation, or that such modifications would not necessitate the re-solicitation of votes to accept the Plan, as modified. Additionally, by its terms, the Plan will not become effective unless, among other things, the conditions precedent described in Article VIII.A of this Disclosure Statement have been satisfied or waived in accordance with Article XI.A of the Plan.

Risk of Non-Occurrence of the Effective Date.

Although the milestones in the Restructuring Support Agreement require that the Effective Date occur by May 16, 2016, there can be no assurance as to such timing or that the conditions to the Effective Date contained in the Plan will ever occur. The impact that a prolonging of the Chapter 11 Cases may have on the Company's operations cannot be accurately predicted or quantified. The continuation of the Chapter 11 Cases, particularly if the Plan is not approved, confirmed, or implemented within the time frame currently contemplated,

could adversely affect operations and relationships between New Gulf and its customers, suppliers, vendors, service providers, and other creditors and result in increased professional fees and similar expenses. Failure to confirm the Plan could further weaken the Company's liquidity position, which could jeopardize the Company's exit from chapter 11.

Impact of the Chapter 11 Cases on the Debtors.

Despite the treatment for holders of general unsecured claims under the Plan, the Chapter 11 Cases may affect the Debtors' relationships with, and its ability to negotiate favorable terms with, creditors, customers, suppliers, vendors, employees, and other personnel and counterparties. While the Debtors expect to continue normal operations, public perception of its continued viability may affect, among other things, the desire of new and existing customers to enter into, or continue, agreements or arrangements with the Debtors. The failure to maintain any of these important relationships could adversely affect the Debtors' business, financial condition, and results of operations. Because of the public disclosure of the Chapter 11 Cases and concerns vendors may have about liquidity, the Debtors' ability to maintain normal credit terms with vendors may be impaired. Also, the Debtors' transactions that are outside of the ordinary course of business are generally subject to the approval of the Court, which may limit the Debtors' ability to respond on a timely basis to certain events or take advantage of certain opportunities. As a result, the effect that the Chapter 11 Cases will have on the Debtors' business, financial conditions, and results of operations cannot be accurately predicted or quantified at this time.

The Plan is Based Upon Assumptions the Debtors Developed which May Prove Incorrect and Could Render the Plan Unsuccessful.

The Plan affects both the Debtors' capital structure and the ownership, structure, and operation of its business and reflects assumptions and analyses based on the Debtors' experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that the Debtors consider appropriate under the circumstances. Whether actual future results and developments will be consistent with the Debtors' expectations and assumptions depends on a number of factors, including but not limited to the Debtors' (i) ability to implement the substantial changes to the capital structure; (ii) ability to obtain adequate liquidity and financing sources; (iii) ability to maintain confidence in the Company's viability as a continuing entity and to attract and retain sufficient business from customers; and (iv) ability to retain key employees, as well as the overall strength and stability of general economic conditions of the financial and energy industries, both in the United States and in global markets. The failure of any of these factors could materially adversely affect the successful reorganization of the Debtors' business.

In addition, the Plan relies upon Financial Projections, including with respect to revenues, EBITDA, debt service, and cash flow. Financial forecasts are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. In the Company's case, the forecasts are even more speculative than normal, because they involve fundamental changes in the nature of its capital structure. Accordingly, New Gulf acknowledges that its actual financial condition and results of operations may differ, perhaps materially, from what was anticipated. Consequently, there can be no assurance that the results or developments contemplated by any plan of reorganization implemented will occur or, even if they do occur, that they will have the anticipated effects on the Debtors and their subsidiaries or their businesses or operations. The failure of any such results or developments to materialize as anticipated could materially adversely affect the successful execution of any plan of reorganization.

B. <u>Certain Risks Related to the Debtors' Business and Operations</u>

The volatility of oil and natural gas prices due to factors beyond the Debtors' control greatly affects the Debtors profitability.

The Debtors' revenues, operating results, profitability, capital and future rate of growth and the carrying value of the Debtors' oil and natural gas properties depend primarily upon the prevailing commodity prices. Historically, the markets for oil and natural gas have been volatile. For example, during the past five years, the Henry Hub prompt month contract price of natural gas has ranged from a low of $1.82 per MMBtu in April 2012 to a high of $8.12 per MMBtu in February 2014. During 2015, the Henry Hub prompt month contract price of natural

gas ranged from $1.92 per MMBtu to $3.32 per MMBtu. On December 14, 2015, the Henry Hub prompt month contract price of natural gas was $2.06 per MMBtu. These markets will continue to be volatile in the future. The prices the Debtors will receive for the Debtors' production, and the levels of the Debtors' production, will depend on numerous factors beyond the Debtors control. These factors include the following:

- worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas;
- the level of commodity prices and expectations about future commodity prices;
- the actions of the Organization of Petroleum Exporting Countries, or OPEC;
- the price and quantity of imports of foreign oil and natural gas;
- political conditions in or hostilities in oil-producing and natural gas-producing regions and related sanctions, including current conflicts in the Middle East and conditions in Africa, South America, Russia and Ukraine;
- the continued threat of terrorism and the impact of military and other action, including U.S. military operations in the Middle East;
- overall domestic and global economic conditions;
- the level of global oil and domestic natural gas exploration and production;
- the level of global oil and domestic natural gas inventories;
- the level of consumer product demand;
- prevailing prices on local oil and natural gas price indexes in the areas in which the Debtors operate;
- localized supply and demand fundamentals and natural gas gathering, processing and transportation availability;
- the cost of exploring for, developing, producing and transporting reserves;
- weather conditions and natural disasters;
- domestic and foreign governmental regulations and taxes;
- authorization of exports from the United States of liquefied natural gas or oil;
- speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts;
- price and availability of competitors' supplies of oil and natural gas;
- risks associated with operating drilling rigs;
- technological advances affecting exploration and production operations and overall energy consumption; and
- the price and availability of alternative fuels.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. A further or extended decline in commodity prices could materially affect the Debtors future business, financial condition, results of operations and the Debtors level of expenditures for the development of the Debtors' reserves.

Furthermore, oil prices and natural gas prices do not necessarily fluctuate in direct relationship to each other. Because approximately 58% of the Debtors estimated proved reserves as of October 1, 2015, are oil, the Debtors' financial results are more sensitive to fluctuations in oil prices.

Substantially all of the Debtors production is sold to purchasers under contracts at market-based prices. Lower oil, natural gas and NGL prices will reduce the Debtors cash flows and the present value of the Debtors' reserves. Lower oil, natural gas and NGL prices may also reduce the amount of oil, natural gas and NGLs that the Debtors can produce economically. Substantial decreases in oil, natural gas and NGL prices could render uneconomic a significant portion of the Debtors identified drilling locations. This may result in significant downward adjustments to the Debtors estimated proved reserves. As a result, a substantial or extended decline in oil, natural gas or NGL prices may materially and adversely affect the Debtors' business, financial condition, results of operations, liquidity or ability to finance planned capital expenditure.

An extended period of depressed oil prices or additional decreases in prices may cause the Debtors to reduce the Debtors' capital expenditure budget and scale back the Debtors drilling and development plans and adversely affect the Debtors' business, cash flows and results of operations.

Between July 2014 and August 2015, the NYMEX prompt month contract price for WTI oil price fell from in excess of $100 per Bbl to below $40 per Bbl, the lowest price seen since 2009. The reduction in price has been caused by many factors, including substantial increases in U.S. oil production and reserves from unconventional (shale) reservoirs, without an offsetting increase in demand. This environment could cause the prices for oil to remain at current levels or to fall to lower levels. Because of the decline in oil prices, the Debtors have reduced the Debtors' capital expenditure budget and scaled back the Debtors drilling and development plans significantly from levels anticipated prior to the decline in prices. If prices for oil continue to remain depressed for lengthy periods or decline further, the Debtors may make further reductions in the Debtors' capital expenditure budget and drilling and development plans. The Debtors also may be required to write down the value of the Debtors' oil and natural gas properties, and some of the Debtors undeveloped locations may no longer be economically viable. These factors may materially adversely affect the Debtors' business, cash flows and results of operations.

The Debtors development and production projects require significant capital expenditures and the Debtors may be unable to obtain necessary capital or financing on satisfactory terms, which could lead to a loss of properties and a decline in the Debtors' oil and natural gas reserves.

The oil and natural gas industry is capital intensive. The Debtors make and expect to continue to make significant capital expenditures in the Debtors' business for the development and production of oil and natural gas reserves. In 2014, the Debtors drilling capital expenditures were $23 million. In 2015, the Debtors expect the Debtors drilling capital expenditures to total approximately $75 million, plus an additional $10 million for leasing, infrastructure and capital workovers.

Following emergence from chapter 11, we intend to finance our capital expenditures with cash flows from operations and borrowings under our New First Lien Notes. Our cash flows from operations and access to capital are subject to a number of variables, including:

- the scope, rate of progress and cost of the Debtors exploration and production activities;
- the prices at which the Debtors' oil and natural gas are sold;
- the Debtors ability to acquire, locate and produce new reserves;

- the Debtors ability to produce oil or natural gas from those reserves;
- the terms and timing of any drilling and other production-related arrangements that the Debtors may enter into;
- fluctuations in the Debtors working capital needs;
- interest payments and debt service requirements;
- prevailing economic conditions;
- the availability and costs of gathering, processing and transportation services;
- the regulations applicable to the Debtors owned gathering and natural gas transportation facilities;
- the ability of the Debtors banks and other lenders to lend to us;
- the cost and timing of governmental permits or approvals; and
- the effects of competition by larger companies operating in the oil and natural gas industry.

The Debtors cannot assure you that the Debtors' operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Further, the Debtors actual capital expenditures in 2016 could exceed the Debtors budget. In the event the Debtors' capital expenditure requirements at any time are greater than the amount of capital we have available, we could be required to seek additional sources of capital, which may include traditional reserve base borrowings, debt financing, joint ventures, production payment financings, sales of assets, private or public offerings of debt or equity securities or other means.

The Debtors' business and operating results can be harmed by factors such as the availability, terms and cost of capital, increases in interest rates or a reduction in the Debtors credit rating. Recent and continuing disruptions and volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability. Changes in any one or more of these factors could cause the Debtors cost of doing business to increase, limit the Debtors access to capital, limit the Debtors ability to pursue acquisition opportunities, reduce the Debtors cash flows available for drilling and place the Debtors at a competitive disadvantage. In addition, the Debtors ability to access the private and public debt or equity markets is dependent upon a number of factors outside the Debtors control, including oil and natural gas prices as well as economic conditions in the financial markets. We cannot assure you that we will be able to obtain debt or equity financing on terms favorable to us, or at all.

If we are unable to fund the Debtors' capital requirements, we may be required to curtail the Debtors' operations relating to the exploration and development of the Debtors prospects, which in turn could lead to a possible loss of properties and a decline in the Debtors' reserves, or may be otherwise unable to implement the Debtors development plan, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Debtors production, revenues and results of operations. In addition, a delay in or the failure to complete proposed or future infrastructure projects could delay or eliminate potential efficiencies and related cost savings.

Drilling for oil and natural gas is a speculative activity and involves numerous risks and substantial and uncertain costs that could adversely affect us.

The Debtors future financial condition and results of operations will depend on the success of the Debtors exploitation, exploration, development and production activities. The Debtors drilling activities are subject to many risks. For example, we cannot assure you that wells drilled by the Debtors will be productive or that we will recover all or any portion of the Debtors investment in such wells. Drilling for oil and natural gas often involves

unprofitable efforts, not only from dry holes but also from wells that are productive but do not produce sufficient oil or natural gas to return a profit at then-realized prices after deducting drilling, operating and other costs. The seismic data and other technologies we use do not allow the Debtors to know conclusively prior to drilling a well that oil or natural gas is present or that it can be produced economically. The costs of exploration, exploitation and development activities are subject to numerous uncertainties beyond the Debtors control, and increases in those costs can adversely affect the economics of a project. In addition, the application of new techniques for the Debtors such as horizontal drilling may make it more difficult to accurately estimate these costs. Further, the Debtors drilling and producing operations may be curtailed, delayed, canceled or otherwise negatively impacted as a result of other factors, including:

- increases in the costs of, shortages of or delays in obtaining rigs, equipment, qualified personnel or other services;
- facility or equipment malfunctions;
- unexpected operational events;
- pressure or irregularities in geological formations;
- adverse weather conditions;
- reductions in oil and natural gas prices;
- delays imposed by or resulting from compliance with regulatory requirements;
- proximity to and capacity of natural gas gathering, processing and transportation facilities;
- availability of water for use in fracture stimulation;
- availability of disposal locations for waste that we generate;
- compliance with changing environmental and other regulatory requirements;
- environmental hazards, such as natural gas leaks, oil spills, salt water spills, pipeline ruptures and discharges of toxic gases;
- lost or damaged oilfield development and service tools;
- pipe or cement failures, casing collapses or other downhole failures;
- loss of drilling fluid circulation;
- fires, blowouts, surface craterings and explosions;
- uncontrollable flows of oil, natural gas or well fluids;
- loss of leases due to incorrect payment of royalties;
- costs and availability of contractual arrangements for properties or equipment associated with the Debtors activities;
- the possibility of new regulations or court decisions that prohibit or restrict the Debtors future ability to drill or produce from allocation wells;

- the limited availability of financing at acceptable rates;
- title problems; and
- limitations in the market for oil and natural gas.

Any of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties.

Even if drilled, the Debtors completed wells may not produce reserves of oil or natural gas that are economically viable or that meet the Debtors earlier estimates of economically recoverable reserves. A productive well may become uneconomic if water or other deleterious substances are encountered that impair or prevent the production of oil or natural gas from the well. The Debtors overall drilling success rate or the Debtors drilling success rate for activity within a particular project area may decline. Unsuccessful drilling activities could result in a significant decline in the Debtors production and revenues and materially harm the Debtors' operations and financial condition by reducing the Debtors available cash and resources. Because of the risks and uncertainties of the Debtors' business, the Debtors' future performance in exploration and drilling may not be comparable to the historical performance of the Debtors properties.

The Debtors' estimated reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of the Debtors' reserves.

Numerous uncertainties are inherent in estimating quantities of oil and natural gas reserves. This Disclosure Statement and the exhibits thereto contain projections and forecasts that include estimates of certain of the Debtors' reserves. These estimates are based upon the CG&A Report. The process of estimating oil and natural gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each reservoir, and these reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, production levels, and operating and development costs.

In order to prepare estimates of the proved reserves included in this Disclosure Statement, CGA must project production rates and the timing of development expenditures as well as analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. As a result, estimated quantities of proved reserves and projections of future production rates, including the CG&A type curve, and the timing of development expenditures may prove to be inaccurate. Over time, we may make material changes to reserve estimates taking into account the results of actual drilling and production. Any significant variance from the Debtors' assumptions by actual results could greatly affect the estimates of reserves, the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery and estimates of the future net cash flows.

Properties that we decide to drill may not contain natural gas, NGLs or oil in commercially viable quantities, or at all.

Properties that we decide to drill that do not yield natural gas, NGLs or oil in commercially viable quantities will adversely affect the Debtors' results of operations and financial condition. The Debtors' project areas are in various stages of development, ranging from project areas with current drilling or production activity to project areas that consist of recently acquired leasehold acreage that have no production history or that have limited drilling or production history. If the wells in the process of being completed do not produce sufficient revenues to return a profit or if we drill dry holes in the future, the Debtors' business may be materially affected. In addition, there is no way to predict in advance of drilling and testing whether any particular prospect will yield natural gas, NGLs or oil in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable the Debtors to

know conclusively prior to drilling whether natural gas, NGLs or oil will be present or, if present, whether natural gas, NGLs or oil will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to the Debtors' drilling prospects.

The Debtors' operating history may not be sufficient for investors to evaluate the Debtors' business and prospects.

We are a company in the initial stages of exploration, development and exploitation of the Debtors' leasehold acreage. Companies in their initial stages of development face substantial business risks and may suffer significant losses. We have generated substantial net losses and negative cash flows from operating activities since the Debtors' inception and expect to continue to incur substantial net losses from operating activities until the Debtors' production increases.

In considering the Plan and the information provided in this Disclosure Statement, you should consider that there is only limited historical and financial operating information available upon which to base your evaluation of the Debtors' performance. We face challenges and uncertainties in financial planning as a result of the unavailability of historical data and uncertainties regarding the nature, scope and results of the Debtors' future activities. New companies must develop successful business relationships, establish operating procedures, hire staff, install management information and other systems, establish facilities and obtain licenses, as well as take other measures necessary to conduct their intended business activities. We may not be successful in implementing the Debtors' business strategies or in completing the development of the infrastructure necessary to conduct the Debtors' business as planned. In the event that one or more of the Debtors' drilling programs is not completed or is delayed or terminated, the Debtors' operating results will be adversely affected and the Debtors' operations will differ materially from the activities described in this prospectus. As a result of industry factors or factors relating specifically to us, we may have to change the Debtors' methods of conducting business, which may cause a material adverse effect on the Debtors' results of operations and financial condition. The uncertainty and risks described in this prospectus may impede the Debtors' ability to economically find, develop, exploit and acquire oil and natural gas reserves. As a result, we may not be able to achieve or sustain profitability or positive cash flows provided by the Debtors' operating activities in the future.

The standardized measure of discounted future net cash flows from the Debtors' estimated proved reserves will not be the same as the current market value of the Debtors' estimated proved reserves.

You should not assume that the Standardized Measure of discounted future net cash flows from the Debtors' proved reserves is the current market value of the Debtors' estimated proved reserves. In accordance with SEC requirements, we based the discounted future net cash flows from the Debtors' proved reserves on the 12-month first-day-of-the-month oil and natural gas average prices without giving effect to derivative transactions. Actual future net cash flows from the Debtors' oil and natural gas properties will be affected by factors such as:

- the actual prices we receive for oil and natural gas;
- the Debtors' actual development and production expenditures;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both the Debtors' production and the Debtors' incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net cash flows may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with the Debtors or the oil and natural gas industry in general. Actual future prices and costs may differ materially from those used in the present value estimates included

in this prospectus which could have a material effect on the value of the Debtors' reserves that could adversely affect the Debtors' business, results of operations and financial condition.

Approximately** 61**% of the Debtors' total estimated proved reserves as of** October 1, 2015 **were classified as proved undeveloped and may ultimately prove to be less than estimated.

Recovery of proved undeveloped reserves requires significant capital expenditures and successful drilling operations. As of October 1, 2015, approximately 61% of the Debtors' total estimated pro forma proved reserves were undeveloped. The future drilling of undeveloped reserves is highly dependent upon the Debtors' ability to fund estimated total capital development costs of approximately $140 million, of which $25 million are expected to be incurred in the 2016. We cannot be sure that these estimated costs are accurate. Further, the Debtors' drilling efforts may be delayed or unsuccessful, and actual reserves may prove to be less than current reserve estimates, each of which could have a material adverse effect on the Debtors' financial condition, results of operations and cash flows.

The development of the Debtors' estimated proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we anticipate. Therefore, the Debtors' estimated proved undeveloped reserves may not be ultimately developed or produced.

As of October 1, 2015, approximately 61% of the Debtors' total estimated proved reserves were classified as proved undeveloped. The Debtors' approximately 11.0 MMBoe of estimated proved undeveloped reserves will require an estimated $140 million of development capital over the next five years. Development of these undeveloped reserves may take longer and require higher levels of capital expenditures than we anticipate. Delays in the development of the Debtors' reserves, increases in costs to drill and develop such reserves, or decreases in commodity prices will reduce the PV-10 value of the Debtors' estimated proved undeveloped reserves and future net revenues estimated for such reserves and may result in some projects becoming uneconomic. In addition, delays in the development of reserves could cause the Debtors to have to reclassify the Debtors' proved undeveloped reserves as unproved reserves.

Substantially all of the Debtors' producing properties and operations are located in the East Texas Basin, making the Debtors vulnerable to risks associated with operating in one geographic area.

The Debtors' properties are geographically concentrated. As of September 30, 2015, substantially all of the Debtors' oil and natural gas assets were in the East Texas Basin. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing or transportation capacity constraints, availability of equipment, facilities, personnel or services, natural disasters, adverse weather conditions, market limitations or interruption of the processing or transportation of crude oil, natural gas or NGLs, and changes in regional and local political regimes and regulations. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and natural gas producing areas such as the East Texas Basin, which may cause these conditions to occur with greater frequency or magnify the effects of these conditions. Due to the concentrated nature of the Debtors' portfolio of properties, a number of the Debtors' properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on the Debtors' results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on the Debtors' business, financial condition and results of operations.

The Debtors' potential drilling locations are expected to be drilled over several years, making them susceptible to uncertainties that could materially alter the occurrence of timing of their drilling. In addition, we may not be able to raise the substantial amount of capital that would be necessary to drill a substantial portion of the Debtors' potential drilling locations.

We have provided information regarding potential drilling locations on the Debtors' existing acreage. The Debtors' ability to drill and develop these locations is subject to a number of uncertainties, including the availability of capital, seasonal conditions, regulatory approvals, availability of drilling services and equipment, lease expirations, gathering systems, processing marketing and pipeline transportation constraints, oil and natural

gas prices, drilling and production costs, drilling results and other factors. Because of these uncertainties, we do not know if the potential drilling locations will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. Pursuant to SEC rules and guidance, subject to limited exceptions, proved undeveloped reserves may only be booked if they relate to wells scheduled to be drilled within five years of the date of booking. SEC rules and guidance may limit the Debtors' potential to book proved undeveloped reserves as we pursue the Debtors' drilling program.

If commodity prices decrease to a level such that the Debtors' future undiscounted cash flows from the Debtors' properties are less than their carrying value for a significant period of time, we will be required to take write-downs of the carrying values of the Debtors' properties.

Accounting rules require that we periodically review the carrying value of the Debtors' properties for possible impairment. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write-down the carrying value of the Debtors' properties. A write-down constitutes a non-cash charge to earnings. We may incur impairment charges in the future, which could have a material adverse effect on the Debtors' results of operations for the periods in which such charges are taken.

Unless we replace oil and natural gas reserves the Debtors' future reserves and production will decline.

Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Unless we conduct successful ongoing development and exploration activities or continually acquire properties containing proved reserves, the Debtors' proved reserves will decline as those reserves are produced. The Debtors' future oil and natural gas reserves and production, and therefore the Debtors' future cash flow and results of operations, are highly dependent on the Debtors' success in efficiently developing and exploiting the Debtors' current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, find or acquire sufficient additional reserves to replace the Debtors' current and future production. If we are unable to replace the Debtors' current and future production, the value of the Debtors' reserves will decrease, and the Debtors' business, financial condition and results of operations would be adversely affected.

Prospects that we decide to drill may not yield oil or natural gas in commercially viable quantities.

Prospects that we decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect the Debtors' financial condition and results of operations. The Debtors' prospects are in various stages of evaluation, and may range from a prospect that is ready to drill to a prospect that will require substantial additional seismic data processing and interpretation and other technical analysis. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable the Debtors to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities.

The Debtors' use of 2-D and 3-D seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of the Debtors' drilling operations.

Even when properly used and interpreted, 2-D and 3-D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. In addition, the use of 3-D seismic and other advanced technologies requires greater predrilling expenditures than traditional drilling strategies, and we could incur losses as a result of such expenditures. As a result, the Debtors' drilling activities may not be successful or economical.

Declining general economic, business or industry conditions may have a material adverse effect on the Debtors' business, results of operations, liquidity and financial condition.

Concerns over the worldwide economic outlook, geopolitical issues, the availability and cost of credit and the United States mortgage and real estate markets contributed to increased volatility and diminished expectations for the global economy. These factors, combined with volatile commodity prices, declining business and consumer confidence and increased unemployment resulted in a worldwide recession during the second half of 2008 and 2009. Concerns about global economic growth could have a significant adverse effect on global financial markets and commodity prices. If the economic climate in the United States or abroad were to deteriorate, demand for petroleum products could diminish, which could depress the prices at which we could sell the Debtors' oil and natural gas and ultimately decrease the Debtors' revenue and profitability.

Changes in the differential between benchmark prices of oil and natural gas and the reference or regional index price used to price the Debtors' actual oil and natural gas sales could have a material adverse effect on the Debtors' results of operations and financial condition.

The reference or regional index prices that we will use to price the Debtors' oil and natural gas sales sometimes will reflect a discount to the relevant benchmark prices. The difference between the benchmark price and the price we reference in the Debtors' sales contracts is called a differential. We cannot accurately predict oil and natural gas differentials. Changes in differentials between the benchmark price for oil and natural gas and the reference or regional index price we reference in the Debtors' sales contracts could have a material adverse effect on the Debtors' results of operations and financial condition.

Derivative transactions may limit the Debtors' potential gains and involve other risks.

In order to manage the Debtors' exposure to price risks in the marketing of the Debtors' oil and natural gas production, we may hedge oil and natural gas prices through derivative financial arrangements with respect to a portion of the Debtors' anticipated production. While intended to reduce the effects of volatile oil and natural gas prices, such transactions may limit the Debtors' potential gains and increase the Debtors potential losses if oil and natural gas prices were to rise substantially over the price established by the derivative. In addition, such transactions may expose the Debtors to the risk of loss in certain circumstances, including instances in which:

- the Debtors' production is less than expected;
- there is a widening of price base differentials between delivery points of the Debtors' production and the delivery point assumed in the derivative agreement;
- the counterparties to the Debtors' futures contracts fail to perform under the contracts; or
- an event materially affects oil or natural gas prices or the relationship between the derivative strike price index and the oil and natural gas sales price.

In addition, the Debtors' commodity derivative transactions may expose the Debtors to credit risk in the event of default by counterparties. Further deterioration in the credit markets may impact the credit ratings of the Debtors' potential counterparties and affect their ability to fulfill their obligations to the Debtors and their willingness to enter into future transactions with us. A default under any of these agreements could negatively impact the Debtors' financial performance.

Market conditions or transportation impediments may hinder access to oil and natural gas markets or delay production.

We deliver oil and natural gas through gathering, processing and pipeline systems that in some cases we do not own. Market conditions, the unavailability of satisfactory oil and natural gas transportation or the remote location of the Debtors' drilling operations may restrict the Debtors' access to oil and natural gas markets or delay production. In addition, natural gas produced in the East Texas Basin has a high Btu content that requires gas processing to remove the NGLs before it can be redelivered into transmission pipelines. Industry-wide in the East Texas Basin, there is currently a shortage of gas gathering and processing capacity.

The availability of a ready market for oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas, the proximity of reserves to gathering, processing and pipeline facilities or trucking and terminal facilities and the availability of trucks and other transportation equipment. Federal and state regulation of oil and natural gas production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures or quality standards, damage to or destruction of pipelines and general economic conditions could adversely affect the Debtors' ability to produce, gather and transport the Debtors' oil and natural gas. We may be required to shut-in wells or delay initial production for lack of a viable market or because of inadequacy or unavailability of pipeline or gathering system capacity. If that occurs, we will be unable to realize revenue from those wells until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues. Furthermore, if we are required to shut in wells, we might also be obligated to pay shut-in royalties to certain mineral interest owners in order to maintain the Debtors' leases.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oilfield services could adversely affect the Debtors' ability to execute exploration plans on a timely basis and within budget, and consequently could adversely affect the Debtors' anticipated cash flow.

We utilize third-party services to maximize the efficiency of the Debtors' operations. The cost of oilfield services typically fluctuates based on demand for those services. Shortages or the high cost of drilling rigs, equipment, supplies, personnel or oilfield services could delay or adversely affect the Debtors' exploration operations or cause the Debtors to incur significant expenditures that are not provided for in the Debtors' capital budget, which could have a material adverse effect on the Debtors' business, financial condition and results of operations. The cost to develop the Debtors' projects has not been fixed and remains dependent upon a number of factors, including the completion of detailed cost estimates and final engineering, contracting and procurement costs. The Debtors' drilling and operation schedules may not proceed as planned and may experience delays or cost overruns. Any delays may increase the costs of the projects, requiring additional capital, and such capital may not be available on a timely and cost-effective fashion.

If commodity prices decrease to a level such that the Debtors' future undiscounted cash flows from the Debtors' properties are less than their carrying value for a significant period of time, we will be required to take write-downs of the carrying values of the Debtors' properties.

Accounting rules require that we periodically review the carrying value of the Debtors' properties for possible impairment. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write-down the carrying value of the Debtors' properties. A write-down constitutes a non-cash charge to earnings. We may incur impairment charges in the future, which could have a material adverse effect on the Debtors' results of operations for the periods in which such charges are taken.

Part of the Debtors' strategy involves drilling in existing or emerging shale plays using the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.

The Debtors' operations involve utilizing the latest drilling and completion techniques as developed by the Debtors and the Debtors' service providers. Risks that we may face while drilling include, but are not limited to, failing to land the Debtors' wellbore in the desired drilling zone, not staying in the desired drilling zone while drilling horizontally through the formation, not running the Debtors' casing the entire length of the wellbore, failing to effectively control the level of pressure flowing from particular wells, and not being able to run tools and other equipment consistently through the horizontal wellbore. Risks that we may face while completing the Debtors' wells include, but are not limited to, not being able to fracture stimulate the planned number of stages, not being able to run tools the entire length of the wellbore during completion operations and not successfully cleaning out the wellbore after completion of the final fracture stimulation stage. In addition, to the extent we engage in horizontal drilling, those activities may adversely affect the Debtors' ability to successfully drill in one or more of the Debtors' identified vertical drilling locations. The Debtors' experience with horizontal drilling utilizing the latest drilling and completion techniques is limited. Ultimately, the success of these drilling and completion techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If the Debtors' drilling results are less than anticipated or we are unable to execute the

Debtors' drilling program because of capital constraints, lease expirations, access to gathering systems and/or commodity prices decline, the return on the Debtors' investment in these areas may not be as attractive as we anticipate. Further, as a result of any of these developments we could incur material write-downs of the Debtors' oil and natural gas properties and the value of the Debtors' undeveloped acreage could decline in the future.

The Debtors' failure to successfully identify, complete and integrate future acquisitions of properties or businesses could reduce the Debtors' operating results and slow the Debtors' growth.

There is intense competition for acquisition opportunities in the Debtors' industry and we may not be able to identify attractive acquisition opportunities. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisitions or do so on commercially acceptable terms. Competition for acquisitions may increase the cost of, or cause the Debtors to refrain from, completing acquisitions. The Debtors' ability to complete acquisitions is dependent upon, among other things, the Debtors' ability to obtain debt and equity financing and, in some cases, regulatory approvals. Further, these acquisitions may be in geographic regions in which we do not currently operate, which could result in unforeseen operating difficulties and difficulties in coordinating geographically dispersed operations, personnel and facilities. In addition, if we enter into new geographic markets, we may be subject to additional and unfamiliar legal and regulatory requirements. Compliance with these regulatory requirements may impose substantial additional obligations on the Debtors and the Debtors' management, cause the Debtors to expend additional time and resources in compliance activities and increase the Debtors' exposure to penalties or fines for non-compliance with such additional legal requirements. Completed acquisitions could require the Debtors to invest further in operational, financial and management information systems and to attract, retain, motivate and effectively manage additional employees. The inability to effectively manage the integration of acquisitions could reduce the Debtors' focus on subsequent acquisitions and current operations, which, in turn, could negatively impact the Debtors' results of operations and growth. The Debtors' financial condition and results of operations may fluctuate significantly from period to period, based on whether or not significant acquisitions are completed in particular periods.

Any acquisition involves potential risks, including, among other things:

- the validity of the Debtors' assumptions about estimated proved reserves, future production, commodity prices, revenues, capital expenditures, operating expenses and costs;
- an inability to obtain satisfactory title to the assets we acquire;
- a decrease in the Debtors' liquidity by using a significant portion of the Debtors' available cash or borrowing capacity to finance acquisitions;
- a significant increase in the Debtors' interest expense or financial leverage if we incur additional debt to finance acquisitions;
- the assumption of unknown liabilities, losses or costs for which we obtain no or limited indemnity or other recourse;
- the diversion of management's attention from other business concerns;
- an inability to hire, train or retain qualified personnel to manage and operate the Debtors' growing assets; and
- the occurrence of other significant changes, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation or restructuring charges.

The Debtors' acreage must be drilled before lease expiration, in order to hold the acreage by production. In a highly competitive market for acreage, failure to drill sufficient wells to hold acreage may result in a substantial lease renewal cost, or if renewal is not feasible, loss of the Debtors' lease and prospective drilling opportunities.

Leases on oil and natural gas properties typically have a term of three to five years, after which they expire unless, prior to expiration, production is established within the spacing units covering the undeveloped acres. For information about expiration dates for the Debtors' leases on undeveloped acres. The cost to renew such leases may increase significantly, and we may not be able to renew such leases on commercially reasonable terms or at all. Moreover, many of the Debtors' leases require lessor consent to pool, which may make it more difficult to hold the Debtors' leases by production. Any reduction in the Debtors' current drilling program, either through a reduction in capital expenditures or the unavailability of drilling rigs, could result in the loss of acreage through lease expirations. We cannot assure you that we will have the liquidity to deploy these rigs when needed, or that commodity prices will warrant operating such a drilling program. Any such losses of leases could materially and adversely affect the growth of the Debtors' asset base, cash flows and results of operations.

We are subject to complex federal, state, local and other laws, regulations and permitting requirements that could adversely affect the timing, cost, manner or feasibility of conducting the Debtors' operations or expose the Debtors to significant liabilities.

We are required to obtain permits from one or more governmental authorities in order to perform drilling and completion activities, including hydraulic fracturing. As with all such permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions that may be imposed in connection with the granting of the permit. We may experience delays in receiving such permits, approvals and certificates. Delays in permitting could result in delays in execution of the Debtors' drilling and development program.

The process of complying with all applicable government regulations is complex and requires the Debtors to expend substantial time and resources. We cannot assure you that we will be able to comply on a continuous or timely basis with all applicable regulations, and delays in compliance, or failure to comply, could have a material adverse effect on the Debtors' business, financial condition, results of operations and the Debtors' ability to maintain and obtain needed licenses. Changes in existing regulations or the adoption of new regulations at the federal level or in the states in which we operate or pursue new opportunities could delay or prevent the Debtors' compliance with those regulations. The Debtors' failure to comply with applicable laws or regulations, whether federal or state could result in, among other things, the termination of leases to which we are a party or the suspension of some of the Debtors' operations, both of which would have a material adverse effect on the Debtors' business.

See Article IV.P—"Regulation and Environmental Matters" for a further description of the laws and regulations that affect us.

We are not the operator on a portion of the Debtors' acreage, and, therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated assets.

Although we are the operator on the majority of the Debtors' acreage, we are not the operator on approximately 10% of the Debtors' real property interests. As we carry out the Debtors' exploration and development programs in the future, we may enter into arrangements with respect to existing or future drilling locations that result in additional drilling locations being operated by others. As a result, we may have limited ability to exercise influence over the operations of the drilling locations operated by the Debtors' partners. Dependence on the operator could prevent the Debtors from realizing the Debtors' target returns for those locations. The success and timing of exploration and development activities operated by the Debtors' partners will depend on a number of factors that will be largely outside of the Debtors' control, including:

- the timing and amount of capital expenditures;
- the operator's expertise and financial resources;
- the approval of other participants in drilling wells;

- the selection of technology; and

- the rate of production of reserves, if any.

This limited ability to exercise control over the operations of some of the Debtors' drilling locations may cause a material adverse effect on the Debtors' business, financial condition and results of operations.

The marketability of the Debtors' production is dependent upon transportation and other facilities, certain of which we do not control. When these facilities are unavailable, the Debtors' operations can be interrupted and the Debtors' revenues reduced.

The marketability of the Debtors' production depends in part upon the availability, proximity and capacity of transportation facilities owned by third parties. In addition, natural gas produced in the East Texas Basin has a high Btu content that requires gas processing to remove the NGLs before it can be redelivered into transmission pipelines. Industry-wide in the East Texas Basin, there is currently a shortage of gas gathering and processing capacity. The lack of available capacity on these systems and facilities could result in the shut-in of producing wells or the delay, or discontinuance, of development plans for properties. Federal and state regulation of oil and natural gas production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures or quality standards, damage to or destruction of pipelines and general economic conditions could adversely affect the Debtors' ability to produce, gather and transport the Debtors' oil and natural gas. We may be required to shut-in wells or delay initial production because of inadequacy or unavailability of pipeline or gathering system capacity. If that occurs, we will be unable to realize revenue from those wells until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues. Furthermore, if we are required to shut in wells, we might also be obligated to pay shut-in royalties to certain mineral interest owners in order to maintain the Debtors' leases.

The disruption of third-party facilities due to maintenance, force majeure and/or weather could also negatively impact the Debtors' ability to market and deliver the Debtors' products. We have no control over when or if such facilities are restored by third-party owners or operators, or what prices will be charged for their services. A total shut-in of production resulting from the acts or omissions of third-party transportation providers, or circumstances affecting third-party transportation facilities, could adversely affect the Debtors' financial condition and results of operations.

Market conditions or operational impediments may hinder access to oil and natural gas markets or delay production.

Market conditions or the unavailability of satisfactory natural gas, NGL or oil transportation arrangements may hinder the Debtors' access to market or delay the Debtors' production. The availability of a ready market for the Debtors' production depends on a number of factors, including the demand for and supply of natural gas, NGLs or oil and the proximity of reserves to pipelines and terminal facilities. The Debtors' ability to market the Debtors' production depends in substantial part on the availability and capacity of gathering systems, pipelines and processing facilities owned and operated by third parties. The Debtors' failure to obtain such services on acceptable terms could materially harm the Debtors' business. We may be required to shut in wells due to lack of a market or inadequacy or unavailability of natural gas, NGL or oil pipeline or gathering system capacity. In addition, if quality specifications for the third-party pipelines with which we connect change so as to restrict the Debtors' ability to transport product, the Debtors' access to markets could be impeded. If the Debtors' production becomes shut in for any of these or other reasons, we would be unable to realize revenue from those wells until other arrangements were made to deliver the products to market.

We are required to pay fees to the Debtors' service providers based on minimum volumes regardless of actual volume throughput.

We have various gas transportation service agreements in place, each with minimum volume delivery commitments. As of December 15, 2015, the Debtors' average annual contractual firm transportation and

firm sales obligations for 2016 were approximately 8 Bcf, which are in excess of the Debtors' average pro forma daily gross operated production of approximately 3 Bcf for 2016. While we believe that the Debtors' future natural gas volumes will be sufficient to satisfy the minimum requirements under the Debtors' gas transportation services agreements based on the Debtors' current production and the Debtors' exploration and development plan, we can provide no such assurances that such volumes will be sufficient. We are obligated to pay fees on minimum volumes to the Debtors' service providers regardless of actual volume throughput, which could be significant. If these fees on minimum volumes are substantial, we may not be able to generate sufficient cash to cover these obligations, which may require the Debtors to reduce or delay the Debtors' planned investments and capital expenditures or seek alternative means of financing.]

Any new regulations or court decisions that prohibit or restrict the Debtors' ability to drill or produce from "allocation wells," as well as uncertainty regarding the methodology of allocating production from allocation wells among royalty owners, could have a material negative impact on the Debtors' ability to seek approval of allocation units and wells in the future.

In Texas, "allocation wells" allow an oil and natural gas producer to drill a horizontal well under two or more leaseholds that are owned by the producer. The Debtors' assets include producing allocation wells and, the Debtors intend to be active in drilling allocation wells. Recently, there have been legal actions challenging certain permit applications for allocation wells. While the Railroad Commission of Texas recently approved a number of drilling permits for allocation wells, if, in the future, the Railroad Commission of Texas or the state courts determine that oil and natural gas producers are no longer entitled to such permits, it could have an adverse impact on the Debtors' ability to drill horizontal lateral wells on some of the Debtors' leases, which in turn could have a material adverse impact on the Debtors' anticipated future production.

Further, an oil and natural gas producer's royalty payment obligations under allocation wells in Texas must be calculated on a well-by-well basis. In addition to challenging certain permit allocations for allocation wells, there have been challenges to the method of allocating royalties under an allocation well. Any challenges to the permit allocations or to the methodology we use to allocate production under the Debtors' oil and natural gas wells could cause the Debtors to incur substantial litigation costs and compliance costs, which could have a material adverse effect on the Debtors' financial condition and results of operations.

We may incur significant costs and liabilities as a result of environmental, health and safety laws and regulations that govern the Debtors' operations. You should consider the following specific regulations relating to the environment, health and safety that affect the Debtors' business.

The Debtors' ownership and operation of oil and natural gas properties and gathering and transportation facilities are subject to stringent and complex federal, state and local laws and regulations governing health and safety aspects of the Debtors' operations, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations that are applicable to the Debtors' operations including the acquisition of permits before conducting drilling or underground injection activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from operations. Numerous governmental authorities, such as the U.S. Environmental Protection Agency (the "**EPA**"), the U.S. Pipeline and Hazardous Materials Safety Administration (the "**PHMSA**"), and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly actions. Failure to comply with these laws and regulations may result in the assessment of administrative, civil or criminal penalties; the imposition of investigatory or remedial obligations; and the issuance of injunctions limiting or preventing some or all of the Debtors' operations.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of the Debtors' operations due to the Debtors' handling of petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to the Debtors' operations, and as a result of historical industry operations and waste disposal practices. Under certain environmental laws and regulations, we could be subject to strict, joint and several liability for the removal or remediation of previously released materials or

property contamination regardless of whether we released the contamination or whether the operations were in compliance with all applicable laws at the time those actions were taken. Private parties, including the owners of properties upon which the Debtors' wells are drilled and facilities where the Debtors' petroleum hydrocarbons or wastes are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases could expose the Debtors to significant liabilities that could have a material adverse effect on the Debtors' financial condition or results of operations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require the Debtors to make significant expenditures to attain and maintain compliance or may otherwise have a material adverse effect on the Debtors' own results of operations, competitive position or financial condition. We may not be able to recover some or any of these costs from insurance.

Legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

Hydraulic fracturing is an essential and common practice in the oil and natural gas industry that stimulates production of natural gas and/or oil from dense subsurface rock formations. Hydraulic fracturing involves using water, sand, and certain chemicals to fracture the hydrocarbon-bearing rock formation to facilitate flow of the hydrocarbons into the wellbore. We expect to routinely apply hydraulic fracturing techniques in many of the Debtors' oil and natural gas drilling and completion programs. The hydraulic fracturing process is typically regulated by state oil and natural gas commissions.

A number of states, including Texas, have adopted or are considering adopting more stringent permitting, public disclosure, and well construction requirements for hydraulic fracturing operations. In addition, local land use restrictions, such as city ordinances, may restrict or prohibit the performance of well drilling in general and/or hydraulic fracturing in particular. In the event state, local, or municipal legal restrictions are adopted in areas where we are currently conducting, or in the future plan to conduct operations, we may incur additional compliance costs that may be significant in nature, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from the drilling of wells.

Federal agencies also are moving to regulate hydraulic fracturing. Pursuant to the Safe Drinking Water Act, the EPA has asserted authority over certain hydraulic fracturing activities using diesel fuel and has released final guidance documents explaining the permitting process for such activity in those states in which EPA is the permitting authority. In May 2014, the EPA announced plans for developing proposed rules under Section 8(a) and 8(d) of the Toxic Substances Control Act related to the reporting of chemical substances and mixtures used in hydraulic fracturing. Additionally, the U.S. Department of the Interior issued final rules in March 2015 that impose new requirements on hydraulic fracturing operations conducted on federal lands. The rules require companies to publicly disclose the chemicals used in hydraulic fracturing operations after fracturing operations have been completed and include provisions addressing well-bore integrity and flowback water management plans.

Apart from these regulatory activities, the EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater. The EPA released a draft report in June 2015 with a final peer-reviewed report planned for a 2016 release. The results of that study may lead to further regulation at the federal, state and local levels.

Increased study, regulation and attention given to the hydraulic fracturing process could lead to greater opposition to its use, including litigation regarding, oil and natural gas production activities using hydraulic fracturing techniques. New legislation or regulation also could lead to operational delays or increased operating costs in the production of oil and natural gas, including from the developing shale plays, or could make it more difficult to perform hydraulic fracturing. The adoption of any federal, state or local laws or the implementation of regulations regarding hydraulic fracturing could potentially cause a decrease in the completion of new oil and natural gas wells, increased compliance costs and delays, any of which could adversely affect the Debtors' financial position, results of operations and cash flows.

Climate change laws and regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil and natural gas that we produce while the physical effects of climate change could disrupt the Debtors' production and cause the Debtors to incur significant costs in preparing for or responding to those effects.

Recent studies indicate that emissions of certain gases, known as greenhouse gases, including methane and carbon dioxide, may be warming the Earth's atmosphere. Methane is a primary component of natural gas and carbon dioxide is a byproduct of the burning of oil, natural gas and refined petroleum products. In response to these studies, governments have been adopting domestic and international climate change laws. Internationally, the United Nations Framework Convention on Climate Change and the Copenhagen Accord address greenhouse gas emissions.

In the United States, Congress has considered comprehensive legislation to reduce emissions of greenhouse gases; however, no such legislation has been passed. It is uncertain at this time whether, or in what form, such federal climate change legislation will be adopted in the United States.

The EPA, however, has been using its existing authority to address greenhouse gases. In 2009, the EPA published its findings that emissions of carbon dioxide, methane and other "greenhouse gases" present an endangerment to human health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the Earth's atmosphere and other climatic changes. These findings by the EPA have allowed the agency to proceed with the adoption and implementation of regulations restricting emissions of greenhouse gases under existing provisions of the federal Clean Air Act. Among other things, EPA regulations now require specified large greenhouse gas emitters in the United States, including companies in the energy industry, to annually report those emissions. Additionally, since 2011, new sources or modifications of existing sources of significant quantities of greenhouse gas emissions have been required to obtain permits—and to use best available control technology to control those emissions—pursuant to the Clean Air Act as a prerequisite to the development of that emissions source. Beyond that, the EPA is continuing to assess other potential controls on greenhouse gas emissions from oil and natural gas operations, including limits on methane from oil wells. For example, in June 2013, the Obama Administration announced its Climate Action Plan, which, among other things, directs federal agencies to develop a strategy for the reduction of methane emissions, including emissions from the oil and gas sector. Pursuant to this plan, EPA announced in January 2015 a plan to regulate methane emissions from the oil and gas sector. While the existing regulations have not to date materially affected the Debtors, such regulations may over time require the Debtors to incur costs to reduce emissions of greenhouse gases associated with the Debtors' operations or could adversely affect demand for the oil and natural gas we produce.

Climate change is also being addressed by various courts throughout the United States, including the US Supreme Court. Certain of EPA's greenhouse gas rules are undergoing legal challenges and numerous other challenges are being filed by groups seeking additional regulation of a variety of additional sources of greenhouse gas emissions. Litigants in such cases may also challenge air emissions permits that greenhouse gas emitters apply for, seek to force emitters to reduce their emissions or seek damages for alleged climate change impacts to the environment, people and property. Although we are not currently a party to any climate change litigation, we are monitoring these developments.

In addition, more than half of the states, either individually or through multi-state regional initiatives, have begun to address greenhouse gas emissions, primarily through renewable energy standards or regional greenhouse gas cap and trade programs. Although most of the state-level initiatives have to date been focused on large sources of greenhouse gas emissions, such as electric power plants, it is possible that smaller sources could become subject to greenhouse gas-related regulation.

Depending on the particular program, we could be required to control emissions or to purchase and surrender allowances for greenhouse gas emissions resulting from the Debtors' operations. Any future laws or implementing regulations that may be adopted to address greenhouse gas emissions thus could require the Debtors to incur increased operating costs and could adversely affect demand for the oil and natural gas we produce.

Finally, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such

as increased frequency and severity of storms, floods and other climatic events. If any such effects were to occur, they could have an adverse effect on the Debtors' exploration and production operations. Significant physical effects of climate change could also have an indirect effect on the Debtors' financing and operations by disrupting the transportation or process-related services provided by midstream companies, service companies or suppliers with whom we have a business relationship. We may not be able to recover through insurance some or any of the damages, losses, or costs that may result from potential physical effects of climate change.

Conservation measures and technological advances could reduce demand and increase impediments for oil and natural gas.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand and increase impediments for oil and natural gas extraction. The impact of the changing demand and impediments for oil and natural gas extraction may have a material adverse effect on the Debtors' business, financial condition, results of operations and cash flows.

The Debtors' ability to produce natural gas and oil economically and in commercial quantities could be impaired if we are unable to acquire adequate supplies of water for the Debtors' drilling operations or are unable to dispose of or recycle the water we use at a reasonable cost and in accordance with applicable environmental rules.

The hydraulic fracturing process on which we depend to produce commercial quantities of natural gas and oil requires the use and disposal of significant quantities of water. The Debtors' inability to secure sufficient amounts of water or sufficient quality water, such as in times of drought, or to dispose of or recycle the water used in the Debtors' operations, could adversely impact the Debtors' operations.

Further, waste from oil and natural gas production, including hydraulic fracturing wastewater, commonly are disposed of in permitted underground injection wells. Some researchers have linked such injection to earthquakes that have occurred in the vicinity of disposal wells. Any future government requirements that may be adopted to address concerns about earthquakes could result in the Debtors incurring increased disposal or recycling costs.

Operating hazards, natural disasters or other interruptions of the Debtors' operations could result in potential liabilities, which may not be fully covered by the Debtors' insurance.

Risks inherent to the Debtors' industry include the potential for significant losses associated with equipment design, operational failures or vehicle operator error. These risks can result in explosions and discharges of toxic gases, chemicals and hazardous substances, and, in rare cases, uncontrollable flows of gas or well fluids into environmental media, as well as personal injury, loss of life, long-term suspension or cessation of operations, interruption of the Debtors' business or the businesses of third parties upon which we depend, and damage to geologic formations, environmental media and natural resources, equipment, facilities or property. In addition, we use and generate hazardous substances and wastes in the Debtors' operations and some of the properties that we currently lease are, or have in the past been, used for industrial purposes. If any of these properties contain unknown contamination, or if any of the hazardous substances that we generate are released into the environment at the Debtors' leased properties or at off-site locations, we could be required to conduct expensive investigation and cleanup and may be exposed to liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages. In an extreme case, such liabilities could materially impair the Debtors' profitability, insurability, or competitive position.

We have not insured and cannot fully insure against all risks and have not attempted to insure fully against risks where the cost of available coverage is excessive relative to the perceived risks presented. In addition, certain pollution and environmental risks generally are not insurable. The oil and natural gas business generally, and the Debtors' operations specifically, are subject to certain operating hazards such as:

- environmental hazards, such as uncontrollable releases of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater, air and shoreline contamination;
- unexpected drilling conditions, such as abnormally pressured formations;
- mechanical difficulties, such as stuck oilfield drilling and service tools and pipe, cement or casing failures;
- fires, explosions and ruptures of pipelines;
- personal injuries and death;
- natural disasters;
- liabilities from accidents or damage by or to the Debtors' equipment;
- well blowouts;
- cratering (catastrophic failure); and
- reservoir damage.
- Any of these risks could adversely affect the Debtors' ability to conduct operations or result in substantial loss to the Debtors as a result of claims for:
- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties;
- suspension of the Debtors' operations; and
- repair and remediation costs.

In addition, the Debtors' operations are susceptible to damage from natural disasters such as flooding or tornados, which involve increased risks of personal injury, property damage and marketing interruptions. Unusually severe weather could curtail the Debtors' operations, including drilling of new wells or production from existing wells, and depending on the severity of the weather, could have a material adverse effect on the Debtors' business, financial condition and results of operation. The occurrence of one of these operating hazards may result in injury, loss of life, suspension of operations, environmental damage and remediation or governmental investigations and penalties. Such liabilities could reduce, or even eliminate, the funds available for exploration and development, or could result in a loss of the Debtors' properties.

We do not carry business interruption insurance coverage. The Debtors' insurance might be inadequate to cover the Debtors' liabilities. Insurance costs are expected to continue to increase over the next few years, and we may decrease coverage and retain more risk to mitigate future cost increases. If we incur substantial liability, and the damages are not covered by insurance or are in excess of policy limits, then the Debtors' business, results of operations and financial condition may be materially adversely affected.

We may not be able to keep pace with technological developments in the Debtors' industry.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, we may be placed at a competitive disadvantage or competitive pressures may force the Debtors to implement those new technologies at substantial costs. In addition, other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete or if we are unable to use the most advanced commercially available technology, the Debtors' business, financial condition and results of operations could be materially adversely affected.

Competition in the oil and natural gas industry is intense, and many of the Debtors' competitors have resources that are greater than the Debtors.

We operate in a highly competitive environment for developing properties, marketing oil and natural gas and securing equipment and trained personnel. As a relatively small oil and natural gas company, many of the Debtors' competitors, major and large independent oil and natural gas companies, possess and employ financial, technical and personnel resources substantially greater than the Debtors. Those companies may be able to develop and acquire more prospects and productive properties than the Debtors' financial or personnel resources permit. The Debtors' ability to acquire additional prospects and discover reserves in the future will depend on the Debtors' ability to evaluate and select suitable properties and execute the Debtors' exploration and development activities in a highly competitive environment. Also, there is substantial competition for capital available for investment in the oil and gas industry. Those companies may be able to pay more for productive oil and natural gas properties and exploratory drilling locations or to identify, evaluate, bid for and purchase a greater number of properties and locations than the Debtors' financial or personnel resources permit.

Furthermore, these companies may also be better able to withstand the financial pressures of unsuccessful drilling attempts, sustained periods of volatility in financial and commodity markets and generally adverse global and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which would adversely affect the Debtors' competitive position. In addition, companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. The cost to attract and retain qualified personnel in the regions in which we operate has increased over the past few years due to competition and may increase substantially in the future. We may not be able to compete successfully in the future in developing reserves, acquiring prospective reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital.

We depend upon a limited number of purchasers for the sale of most of the Debtors' production. The loss of one or more of these purchasers could, among other factors, limit the Debtors' access to suitable markets for the hydrocarbons we produce.

The availability of a ready market for any hydrocarbons we produce depends on numerous factors beyond the control of the Debtors' management, including but not limited to the extent of domestic production and imports of oil, the proximity and capacity of natural gas pipelines, the availability of skilled labor, materials and equipment, the effect of state and federal regulation of oil and natural gas production and federal regulation of natural gas sold in interstate commerce. In addition, we depend upon a limited number of purchasers for the sale of most of the Debtors' production. The loss of significant customers could adversely affect the Debtors' revenues and have a material adverse effect on the Debtors' financial condition and results of operations. We cannot assure you that any of the Debtors' customers will continue to do business with the Debtors or that we will continue to have ready access to suitable markets for the Debtors' future production.

The loss of senior management or technical personnel may adversely affect the Debtors' operations.

We depend on the services of the Debtors' senior management and technical personnel. The Debtors' success is substantially dependent on the continued service of certain of key employees. These key employees have been important in determining the strategic direction of the Debtors' business and for executing the Debtors' growth strategy and are integral to the Debtors' brand, culture and reputation. The loss of the services of

any of these key employees could have a material adverse effect on the Debtors' business and prospects, as we may not be able to find suitable individuals to replace them on a timely basis, if at all.

Recent federal legislation could have an adverse impact on the Debtors' ability to use derivative instruments to reduce the effects of commodity prices, interest rates and other risks associated with the Debtors' business.

We intend to enter into a number of commodity derivative contracts in order to hedge a portion of the Debtors' oil and natural gas production and, periodically, interest expense. On July 21, 2010, the President signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Reform Act**"), which, among other provisions, establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. The legislation required the Commodities Futures Trading Commission ("**CFTC**") and the SEC to promulgate rules and regulations implementing the new legislation, which they have done since late 2010 and continue to do into 2015. From late 2010 and continuing to the present date, the CFTC has proposed dozens of rules implementing the Dodd-Frank Reform Act, and has promulgated most of the required final rules based on those proposals. Due to these new rules, it is increasingly clear that the costs of derivatives-based hedging for commodities will likely increase for all market participants. Of particular concern, the Dodd-Frank Reform Act does not explicitly exempt end users from the requirements to post margin in connection with hedging activities. While several senators have indicated that it was not the intent of the Act to require margin from end users, the exemption is not in the Act. While rules proposed by the CFTC and federal banking regulators appear to allow for non-cash collateral and certain exemptions from margin for end users, the rules are not final and uncertainty remains. The full range of new Dodd-Frank requirements enacted, to the extent applicable to the Debtors or the Debtors' derivatives counterparties, may result in increased costs and cash collateral requirements for the types of derivative.

We may incur losses as a result of title defects in the properties we currently own or in which we will invest.

Title insurance covering mineral leaseholds is not generally available and, in all instances, including when we acquire oil and natural gas leases or interests, we forego the expense of retaining lawyers to examine the title to the mineral interest to be placed under lease or already placed under lease until the drilling block is assembled and ready to be drilled. Rather, we rely upon the judgment of oil and natural gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office before attempting to acquire a lease in a specific mineral interest.

Of the assets we currently own, we have conducted title examinations on substantially all producing properties. We have yet to conduct title examinations on the Debtors' proved undeveloped properties as it is customary in the Debtors' industry to take these steps prior to the drilling of an oil or gas well. However, it is the normal practice in the Debtors' industry for the person or company acting as the operator of the well to obtain a preliminary title review to ensure there are no obvious defects in title to the well. Frequently, as a result of such examinations, certain curative work must be done to correct defects in the marketability of the title, and such curative work entails expense. The Debtors' failure or the failure of any other owners of the assets, including the well, to cure any title defects may delay or prevent the Debtors from utilizing the associated mineral interest, which may adversely impact the Debtors' ability in the future to increase production and reserves. Additionally, undeveloped acreage has greater risk of title defects than developed acreage because the title examination pertaining to undeveloped acreage is not determined until the company begins development plans for such property. Without examination of the mineral title interests, there could be operating agreements, rights of first refusal or other restrictive third party agreements customary in the oil and gas industry that could adversely affect the Debtors' ability to develop or operate on the affected properties. The existence of material title deficiencies can substantially impair the value of the leases and may adversely affect the Debtors' results of operations and financial condition. If there are any such title defects, restrictions, third party rights or defects in assignment of leasehold rights in properties in which we hold an interest or that we acquire, we will suffer a financial loss.

Certain U.S. federal income tax deductions currently available with respect to oil and natural gas exploration and development may be eliminated, and additional state taxes on natural gas extraction may be imposed, as a result of future legislation.

The Obama Administration's budget proposal for fiscal year 2015 and legislation introduced in a prior session of Congress include proposals that would, if enacted, make significant changes to U.S. federal income tax laws, including the elimination of certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to, (1) the repeal of the percentage depletion allowance for oil and natural gas properties, (2) the elimination of current deductions for intangible drilling and development costs, (3) the elimination of the deduction for certain domestic production activities, and (4) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could become effective.

The passage of any legislation as a result of these proposals or any other similar change in U.S. federal income tax law could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development, and any such change, as well as any changes to or the imposition of new state or local taxes (including the imposition of, or increase in, production, severance or similar taxes), could negatively affect the Debtors' financial condition and results of operations.

We depend on computer and telecommunications systems and failures in the Debtors' systems or cyber security attacks could significantly disrupt the Debtors' business operations.

We are heavily dependent on the Debtors' information systems and computer based programs, including the Debtors' well operations information, seismic data, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in the Debtors' hardware or software network infrastructure, possible consequences include the Debtors' loss of communication links, inability to find, produce, process and sell oil and natural gas and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on the Debtors' business.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with the Debtors' business. In addition, we may develop proprietary software systems, management techniques and other information technologies that incorporate software licensed from third parties. It is possible we could incur interruptions from cyber security attacks, computer viruses or malware. Unauthorized access to the Debtors' seismic data, reserves information or other proprietary information could lead to data corruption, communication interruption, or other operational disruptions in the Debtors' exploration or production operations. Also, computers control nearly all of the oil and gas distribution systems in the United States, which are necessary to transport the Debtors' production to market. A cyber attack directed at oil and gas distribution systems could damage critical distribution and storage assets or the environment, delay or prevent delivery of production to markets and make it difficult or impossible to accurately account for production and settle transactions. Further, as cyber attacks continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance the Debtors' protective measures or to investigate and remediate any vulnerabilities to cyber attacks.

A terrorist attack or armed conflict could harm the Debtors' business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or other countries may adversely affect the United States and global economies and could prevent the Debtors from meeting the Debtors' financial and other obligations. If any of these events occurs, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for the Debtors' services and causing a reduction in the Debtors' revenues. Oil and natural gas related facilities could be direct targets of terrorist attacks, and the Debtors' operations could be adversely impacted if infrastructure integral to the Debtors' customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

C. Certain Risks Related to the New First Lien Notes

The Debtors will incur substantial indebtedness in connection with the Plan and may incur more debt under any future senior revolving credit facility and other permitted indebtedness. Higher levels of indebtedness make the Debtors more vulnerable to economic downturns and adverse developments in the Debtors' business.

As of the Effective Date, the Debtors' total indebtedness is projected to be approximately $135.25 million. The Debtors' substantial indebtedness could have important consequences for your the New First Lien Notes and New Equity Interests and significant effects on the Debtors' business. For example, it could:

- make it more difficult for the Debtors to satisfy the Debtors' financial obligations, including with respect to the New First Lien Notes;
- increase the Debtors' vulnerability to general adverse economic, industry and competitive conditions;
- reduce the availability of the Debtors' cash flow to fund working capital and capital expenditures because we will be required to dedicate a substantial portion of the Debtors' cash flow from operations to the payment of principal and interest on the Debtors' indebtedness;
- limit the Debtors' flexibility in planning for, or reacting to, changes in the Debtors' business and the industry in which we operate;
- prevent the Debtors from raising funds necessary to repurchase New First Lien Notes tendered to the Debtors if there is a change of control that would constitute a default under the indentures governing the New First Lien Notes and under any future permitted first lien indebtedness;
- place the Debtors at a competitive disadvantage compared to the Debtors' competitors that are less highly leveraged and that, therefore, may be able to take advantage of opportunities that the Debtors' leverage prevents the Debtors from exploiting; and
- limit the Debtors' ability to borrow additional funds.

Each of these factors may have a material and adverse effect on the Debtors' financial condition and viability. The Debtors' ability to make payments with respect to the New First Lien Notes and to satisfy any other debt obligations will depend on the Debtors' future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors affecting the Debtors and the industry, many of which are beyond the Debtors' control.

Despite current indebtedness levels, we may still be able to incur substantially more debt, which would increase the risks associated with the Debtors' substantial leverage.

Even with the Debtors' existing debt levels, we and the Debtors' subsidiaries may be able to incur substantial additional indebtedness in the future. Although the indenture governing the New First Lien Notes will contain restrictions on the incurrence of additional indebtedness, these restrictions are likely to be subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If we incur additional indebtedness, the related risks that we now face would intensify. In addition, the indenture governing the New First Lien Notes do not prevent the Debtors from incurring obligations that do not constitute indebtedness under those agreements and we anticipate that any agreement governing the Debtors' future indebtedness will similarly not prevent the Debtors from incurring obligations that do not constitute indebtedness under those agreements and could further exacerbate the risks associated with the Debtors' substantial leverage.

We may not be able to generate sufficient cash flow to meet the Debtors' debt service and other obligations, including the New First Lien Notes, due to events beyond the Debtors' control.

The Debtors' ability to generate cash flows from operations and to make scheduled payments on or refinance the Debtors' indebtedness, including the New First Lien Notes, and to fund working capital needs and planned capital expenditures will depend on the Debtors' future financial performance and the Debtors' ability to generate cash in the future. The Debtors' future financial performance will be affected by a range of economic, financial, competitive, business and other factors that we cannot control, such as general economic and financial conditions in the capital or commodity markets, the economy generally or other risks summarized here. The Debtors' inability to execute the Debtors' strategy in a timely manner could have a material adverse effect on the Debtors' business, financial condition, results of operations and prospects, including the Debtors' ability to generate positive cash flow in the future and the Debtors' ability to service the Debtors' debt and other obligations, including the New First Lien Notes. If the Debtors are unable to service their indebtedness or to fund their other liquidity needs, we may be forced to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing the Debtors' indebtedness, seeking additional capital, or any combination of the foregoing. If we raise additional debt, it would increase the Debtors' interest expense, leverage and operating and financial costs. We cannot assure you that any of these actions could be effected on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on the New First Lien Notes and any other indebtedness or to fund the Debtors' other liquidity needs. In addition, the terms of existing or future debt agreements, including the indenture governing the New First Lien Notes, may restrict the Debtors from adopting any of these alternatives. We cannot assure you that the Debtors' business will generate sufficient cash flows from operations or that future borrowings will be available in an amount sufficient to enable the Debtors to pay the Debtors' indebtedness, including the New First Lien Notes, or to fund the Debtors' other liquidity needs.

The failure to generate sufficient cash flow or to effect any of these alternatives could significantly adversely affect the value of the New First Lien Notes and the Debtors' ability to pay amounts due under the New First Lien Notes. If for any reason we are unable to meet the Debtors' debt service and repayment obligations, including under the New First Lien Notes, we would be in default under the terms of the agreements governing the Debtors' indebtedness, which would allow the Debtors' creditors at that time to declare all outstanding indebtedness to be due and payable. These lenders could then seek to foreclose on the Debtors' assets that are their collateral. If the amounts outstanding under the New First Lien Notes were to be accelerated, or were the subject of foreclosure actions, we cannot assure you that the Debtors' assets would be sufficient to repay in full the money owed to the Debtors' debt holders, including you as a holder of the New First Lien Notes.

The New First Lien Notes Indenture Will Impose Operating and Financial Restrictions on the Company, Which May Prevent the Debtors From Capitalizing on Business Opportunities and Taking Certain Actions.

The New First Lien Notes Indenture will impose operating and financial restrictions. These restrictions may limit the Company's ability to, among other things:

- incur additional indebtedness or issue certain preferred stock;
- pay dividends or make other distributions;
- make other restricted payments or investments;
- sell assets or use the proceeds from asset sales;
- create liens;
- enter into agreements that restrict dividends and other payments by subsidiaries;
- engage in transactions with affiliates; and
- consolidate, merge or transfer all or substantially all of NGR's assets.

The Debtors' compliance with these provisions may materially adversely affect its ability to react to changes in market conditions, take advantage of business opportunities it believes to be desirable, obtain future financing, fund needed capital expenditures, finance the Debtors' acquisitions, equipment purchases and development expenditures, or withstand the present or any future downturn in its business.

The Debtors' failure to comply with the agreements relating to the Debtors' outstanding indebtedness, including as a result of events beyond the Debtors' control, could result in an event of default that could materially and adversely affect the Debtors' results of operations and the Debtors' financial condition.

If there were an event of default under any of the agreements relating to the Debtors' outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that the Debtors' assets or cash flow would be sufficient to fully repay borrowings under the Debtors' outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure the Debtors' indebtedness under any secured debt we have outstanding, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of the Debtors' other debt instruments. As a consequence, we could be forced into bankruptcy or liquidation. Therefore, any default by the Debtors on the Debtors' indebtedness could have a material adverse effect on the Debtors' business and could impact the Debtors' ability to make payments under the New First Lien Notes.

Your ability to transfer the New First Lien Notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the New First Lien Notes.

The New First Lien Notes will constitute a new issue of securities for which there is no established trading market. We are offering the New First Lien Notes in reliance upon an exemption from registration under the Securities Act and applicable state securities laws. Therefore, the New First Lien Notes may be transferred or resold only in a transaction registered under or exempt from the Securities Act and applicable state securities laws. We do not intend to have the New First Lien Notes listed on a national securities exchange or included in any automated quotation system.

The liquidity of any market for the New First Lien Notes will depend upon the number of holders of the New First Lien Notes, the Debtors' performance, the market for similar securities, the interest in securities dealers making a market in the New First Lien Notes and other factors. Therefore, we cannot assure you that an active market for the New First Lien Notes will develop or, if developed, that it will continue. If an active market does not develop or is not maintained, the price and liquidity of the New First Lien Notes will be adversely affected.

Historically, the market for non-investment-grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the New First Lien Notes. We cannot assure you that the market, if any, for the New First Lien Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your New First Lien Notes.

Changes in the debt markets may adversely affect the market price of the New First Lien Notes.

Changes in the Debtors' credit ratings or the debt markets may adversely affect the market price of the New First Lien Notes. The price for the New First Lien Notes will depend on a number of factors, including:

- the Debtors' credit ratings with major credit rating agencies;
- the prevailing interest rates being paid by other companies similar to us;
- the market price of the Debtors' common stock;
- the Debtors' financial condition, operating performance and future prospects; and

- the overall condition of the financial markets and global and domestic economies.

The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the New First Lien Notes. In addition, credit rating agencies continually review their ratings for the companies that they follow, including us. The credit rating agencies also evaluate the industries in which we operate as a whole and may change their credit rating for the Debtors based on their overall view of such industries. A negative change in the Debtors' credit rating could have an adverse effect on the price of the New First Lien Notes.

D. Certain Risks Relating to NGR Holding Equity Interests related to the Plan and Bankruptcy Filing.

Lack of Established Market for NGR Holding Equity Interests as a Consequence of Plan and Bankruptcy Filing.

As set forth above, Holders of NGR Holding Equity Interests will be given the opportunity to opt out of granting the releases set forth in section VII.F of the Plan. After an election to opt out is made by a holder of NGR Holding Equity Interests, such election will be binding on any buyer of such NGR Holding Equity Interests in any subsequent sale or re-sale of the shares prior to the date such shares are cancelled. As stated above, NGR Holding Equity Interests will be cancelled and discharged under the plan as of the effective date. Any holder that elects to opt out of the voluntary releases set forth in Article VII.F the Plan shall not receive the benefit of the releases (1) by the Debtors as set forth in Article VII.E of the Plan and (2) by the holders of other Claims and Equity Interests as set forth in Article VII.F of the Plan, and the Debtors or Reorganized Debtors, as the case may be, reserve all rights, claims and causes of action against such Holders, including claims arising under Chapter 5 of the Bankruptcy Code.

Under such circumstances, a trading market for NGR Holding Equity Interests held by Holders electing to opt out of the releases may not exist and electing to opt out will likely make it more difficult for such opt-out shareholders to dispose of their NGR Holding Equity Interests or to realize value on the shares at a time when they may wish to do so.

E. Certain Risks Relating to the Shares of New Equity Interests Under the Plan.

Significant Holders.

As set forth above, after the Effective Date, the holders of Second Lien Notes and Subordinated PIK Notes will receive all of the New Equity Interests (subject to dilution). If such holders of New Interests were to act as a group, such holders would be in a position to control the outcome of all actions requiring stockholder approval, including the election of directors, without the approval of other stockholders. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Reorganized Debtors and, consequently, have an impact upon the value of the New Equity Interests.

Restrictions on Transfer of New Equity Interests.

The recipients of securities issued under the Plan who are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code will be restricted in their ability to transfer or sell their securities. In addition, securities issued under the Plan to affiliates of the Reorganized Debtors will be subject to restrictions on resale. These persons will be permitted to transfer or sell such securities only pursuant to the provisions of Rule 144 under the Securities Act, if available, or another available exemption from the registration requirements of the Securities Act. These restrictions may adversely impact the value of the shares of New Equity Interests and make it more difficult for such shareholders to dispose of their shares, or to realize value on the shares, at a time when they may wish to do so. See Article XII, "**Securities Law Matters**," for additional information regarding restrictions on resales of the New Equity Interests.

Lack of Established Market for New Equity Interests.

A liquid trading market for the New Equity Interests issued under the Plan does not exist. The future liquidity of the trading markets for New Equity Interests will depend, among other things, upon the number of holders of such securities and whether such securities become listed for trading on an exchange or trading system at some future time.

Historical Financial Information of the Debtors May Not Be Comparable to the Financial Information of the Reorganized Debtor.

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

The Financial Projections Set forth in this Disclosure Statement May Not Be Achieved.

The Financial Projections cover the operations of the Reorganized Debtor through 2018. The Financial Projections are based on numerous assumptions that are an integral part thereof, including, but not limited to, Confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtors, industry performance, general business and economic conditions, competition, adequate financing, absence of material claims, the ability to make necessary capital expenditures, the ability to establish strength in new markets and to maintain, improve, and strengthen existing markets, customer purchasing trends and preferences, the ability to increase gross margins and control future operating expenses, and other matters, many of which are beyond the control of the Reorganized Debtors. In addition, unanticipated events and circumstances occurring subsequent to the date of this Disclosure Statement may affect the actual financial results of the operations of the Reorganized Debtors. These variations may be material and adverse. Because the actual results achieved throughout the periods covered by the Financial Projections will vary from the projected results, the Financial Projections should not be relied upon as a guaranty, representation, or other assurance of the actual results that will occur.

F. Additional Factors to Be Considered.

The Debtors Have No Duty to Update.

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Court.

No Representations Made Outside this Disclosure Statement Are Authorized.

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose. Except as otherwise provided herein or in the Plan, no representations relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court, the Bankruptcy Code, or otherwise. Any representations or inducements made to secure your acceptance or rejection of the Plan, other than as contained in or included with this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and, if applicable, the U.S. Trustee.

The Debtors Relied on Certain Exemptions from Registration under the Securities Act.

This Disclosure Statement has not been filed with the SEC or any state regulatory authority. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement or the exhibits or the statements contained herein, and any representation to the contrary is unlawful. This Disclosure Statement has been prepared pursuant to Bankruptcy Code section 1125 and Bankruptcy Rule 3016(b).

To the maximum extent permitted by Bankruptcy Code section 1145, the Securities Act, and other applicable non-bankruptcy law, the issuance of the New Equity Interests will be exempt from registration under the Securities Act by virtue of Bankruptcy Code section 1145 as described herein.

The Information Herein Was Provided by the Debtors and Relied upon by Their Advisors.

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained herein.

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

The financial information contained in this Disclosure Statement has not been audited unless explicitly stated otherwise. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

No Legal or Tax Advice Is Provided to You by this Disclosure Statement.

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Equity Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

No Admissions Are Made by this Disclosure Statement.

The information and statements contained in this Disclosure Statement will neither constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtors) nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Equity Interests or any other parties in interest. Except as otherwise provided in the Plan, the vote by a Holder of an Allowed Claim or Equity Interest for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Reorganized Debtors (or any party in interest, as the case may be) to object to that Holder's Allowed Claim or Equity Interest, or recover any preferential, fraudulent, or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their respective Estates are specifically or generally identified herein.

In addition, no reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors may seek to investigate, file, and prosecute objections to Claims and Equity Interests and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

Forward-Looking Statements in this Disclosure Statement.

The Debtors make statements in this Disclosure Statement that are considered forward-looking statements under the federal securities laws. The Debtors consider all statements regarding anticipated or future matters, including the following, to be forward-looking statements:

- any future effects as a result of the filing or pendency of the Chapter 11 Cases;
- The Company's expected future financial position, liquidity, results of operations, profitability, and cash flows;
- financing plans;
- competitive position;
- business strategy;
- budgets;
- projected cost reductions;
- projected and estimated environmental liabilities;
- other projected and estimated liability costs;
- results of litigation;
- disruption of operations;
- regulatory changes;
- plans and objectives of management for future operations;
- contractual obligations;
- off-balance-sheet arrangements;
- growth opportunities for existing services;
- projected price changes;
- projected general market conditions; and
- impacts from new technologies.

Statements concerning these and other matters are not guarantees of the Company's future performance. Such statements represent the Company's estimates and assumptions only as of the date such statements were made. There are risks, uncertainties, and other important factors that could cause the Company's actual performance or achievements to be materially different from those it may project, and New Gulf undertakes no obligation to update any such statement. These risks, uncertainties, and factors include:

- the Debtors' ability to confirm, and consummate the Plan;
- the Company's ability to reduce its overall financial leverage;
- the potential adverse impact of the Chapter 11 Cases on the Company's operations, management, and employees and the risks associated with operating the businesses during the Chapter 11 Cases;
- supplier and partner response to the Chapter 11 Cases;
- inability to have claims discharged or settled during the Chapter 11 Cases;
- general economic, business, and market conditions, including the recent volatility and disruption in the capital and credit markets and the significant downturn in the overall economy;
- interest rate fluctuations;
- exposure to litigation;
- dependence upon key personnel;
- ability to implement cost reduction and market share initiatives in a timely manner;
- efficacy of new technologies and facilities;

- adverse tax changes;
- limited access to capital resources;
- changes in laws and regulations;
- natural disasters; and
- inability to implement the Company's business plan.

XII. SECURITIES LAW MATTERS

No registration statement will be filed under the Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to any state securities laws with respect to the offer and distribution of securities under the Plan. Prior to the filing of the Chapter 11 Case, the Debtors will rely on the exemption provided by section 4(a)(2) of the Securities Act and applicable exemptions from Blue Sky Laws. The Debtor believes that the provisions of section 1145(a)(1) of the Bankruptcy Code will exempt the issuance and distribution of securities issued under the Plan (the "**1145 Securities**") from federal and state securities registration requirements. The 1145 Securities issued to affiliates of the Reorganized Debtors will be treated as issued pursuant to section 1145(a)(1), but will be subject to restrictions on resale and may be resold only under Rule 144 or another available exemption from registration under the federal and state securities laws.

A. Bankruptcy Code Exemptions from Registration Requirements.

Securities Issued in Reliance on Section 1145 of the Bankruptcy Code.

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must each hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (iii) the securities must be issued in exchange for the recipient's claim against, or interest in, the debtor, or principally in such exchange and partly for cash or property.

The exemptions provided for in section 1145 do not apply to an entity that is deemed an "underwriter" as such term is defined in section 1145(b) of the Bankruptcy Code. Section 1145(b) defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer":

(a) purchases a claim against, an interest in, or a claim for administrative expense against, the debtor, with a view to distributing any security received in exchange for such a claim or interest ("accumulators");

(b) offers to sell securities offered or sold under a plan for the holders of such securities ("distributors");

(c) offers to buy securities offered or sold under a plan from the holders of such securities, if the offer to buy is (i) with a view to distributing such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; and

(d) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act, which includes affiliates of the issuer, defined as persons who are in a relationship of "control" with the issuer.

As explained more fully in the next section, persons who are not deemed "underwriters" of the issuer may generally resell 1145 Securities without registration under the Securities Act or other applicable law. Persons deemed "underwriters" may sell such securities without registration only pursuant to a registration statement or exemptions from registration under the Securities Act and other applicable law.

Subsequent Resales of 1145 Securities.

Section 1145(c) of the Bankruptcy Code provides that securities issued pursuant to section 1145(a)(1) are deemed to have been issued in a public offering. In general, therefore, resales of and subsequent transactions in the 1145 Securities will be exempt from registration under the Securities Act pursuant to section 4(a)(1) of the Securities Act, unless the holder thereof is deemed to be an "issuer," an "underwriter," or a "dealer" with respect to such securities. A "dealer," as defined in section 2(a)(12) of the Securities Act, is any person who engages either for all or part of his or her time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person. An "issuer" includes any "affiliate" of the issuer, which is defined as a person directly or indirectly controlling, controlled by, or under common control with the issuer. Affiliates of Reorganized NGR for these purposes will generally include its directors and officers and its controlling stockholders.

"Control," as defined in Rule 405 of the Securities Act, 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 voting securities, by contract or otherwise. While there is no precise definition of a "controlling" stockholder, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns 10% or more of a class of securities of a reorganized debtor may be presumed to be a "controlling person" of the debtor. However, that presumption is rebuttable, and whether or not any particular person would be deemed to be an "affiliate" of Reorganized NGR will depend upon various facts and circumstances applicable to that person.

Notwithstanding the provisions of section 1145(b) of the Bankruptcy Code regarding accumulators and distributors, the staff of the SEC has taken the position that resales of securities distributed under a plan of reorganization by accumulators and distributors of securities who are not affiliates of the issuer of such securities are exempt from registration under the Securities Act if effected in "ordinary trading transactions." The staff of the SEC has indicated in this context that a transaction by such non-affiliates may be considered an "ordinary trading transaction" if it is made on a national securities exchange or in the over-the-counter market and does not involve any of the following factors:

(a) (i) concerted action by the recipients of securities issued under a plan in connection with the sale of such securities or (ii) concerted action by distributors on behalf of one or more such recipients in connection with such sales;

(b) the use of informational documents concerning the offering of the securities prepared or used to assist in the resale of such securities, other than a bankruptcy court-approved disclosure statement and supplements thereto, and documents filed with the SEC pursuant to the Exchange Act; or

(c) the payment of special compensation to brokers and dealers in connection with the sale of such securities designed as a special incentive to the resale of such securities (other than the compensation that would be paid pursuant to arm's-length negotiations between a seller and a broker or dealer, each acting unilaterally, not greater than the compensation that would be paid for a routine similar-sized sale of similar securities of a similar issuer).

The staff of the SEC has not provided any guidance for privately arranged trades. The views of the staff of the SEC on these matters have not been sought by the Debtors and, therefore, no assurance can be given regarding the proper application of the "ordinary trading transaction" exemption described above. Any person intending to rely on such exemption is urged to consult their counsel as to the applicability thereof to their circumstances.

Subsequent Transfers of the New NGR Common Stock Issued to Affiliates.

Securities issued under the Plan to affiliates of Reorganized NGR will be subject to certain restrictions on resale. Affiliates may resell such securities in compliance with the requirements of Rule 144 or another available exemption under the Securities Act and applicable Blue Sky Laws.

Rule 144 requires that certain information concerning the issuer be made publicly available. Affiliates of Reorganized NGR must also comply with the volume, manner of sale, and notice requirements of Rule 144. However, affiliates of Reorganized NGR will not be subject to the holding period requirement of Rule 144, as the New Equity Interests will be deemed to have been issued in a public offering.

Volume Requirement. Affiliates of Reorganized NGR will be limited in the number of shares of New Equity Interests (treated separately for this purpose) that may be sold for their account (and related persons) in any three-month period. They will be limited to the *greater of* (i) 1% of the outstanding securities of the same class being sold, and (ii) if the class is listed on a stock exchange, the average weekly reported volume of trading in such securities during the four weeks preceding the filing of a notice of proposed sale on Form 144 or if no notice is required, the date of receipt of the order to execute the transaction by the broker or the date of execution of the transaction directly with a market maker.

Manner of Sale Requirement. Under Rule 144, affiliates of Reorganized NGR may resell their New Equity Interests solely in a broker's transaction, directly with a market maker, or in a riskless principal transaction (as defined in Rule 144).

Notice Requirement. If the amount of New Equity Interests sold by an affiliate under Rule 144 in any three month period exceeds 5,000 shares or warrants or has an aggregate sale price greater than $50,000, the affiliate must file or cause to be filed with the SEC three copies of a notice of proposed sale on Form 144, and provide a copy to any exchange on which the securities are traded.

GIVEN THE COMPLEX NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER, AFFILIATE, OR DEALER, THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SECURITIES TO BE DISTRIBUTED PURSUANT TO THE PLAN. THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

Holders of Claims may wish to consult with their own legal advisors regarding the applicability of securities laws and exemptions in their particular circumstances.

XIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain U.S. federal income tax consequences of the Plan to the Debtors and to holders of Allowed Class 3 Second Lien Notes Claims, Class 5 Subordinated PIK Notes Claims, and (if they will be entitled to vote to accept the Plan) Impaired General Unsecured Claims, each in their capacities as such.

This summary is provided for informational purposes only and is based on the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), Treasury regulations, judicial authority and current administrative rulings and practice, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect. A substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final distribution under the Plan. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, court decisions or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder. No ruling will be sought from the Internal Revenue Service (the "IRS") with respect to any of the tax aspects of the Plan and no opinion of counsel

has heretofore been obtained by the Debtors with respect thereto. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to the Debtor or any holder of a Claim. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein. This summary does not address any aspects of U.S. federal non-income, state, local, or non-U.S. taxation.

This summary of certain U.S. federal income tax consequences to holders of Claims does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder of a Claim in light of its particular facts and circumstances or to particular types of holders of Claims subject to special treatment under the Tax Code (for example, financial institutions; banks; broker-dealers; insurance companies; tax-exempt organizations; retirement plans or other tax-deferred accounts; mutual funds; real estate investment trusts; traders in securities that elect mark-to-market treatment; persons subject to the alternative minimum tax; certain former U.S. citizens or long-term residents; persons who hold Claims or common stock of Reorganized NGR Holding as part of a hedge, straddle, constructive sale, conversion or other integrated transaction; persons that have a functional currency other than the U.S. dollar; governments or governmental organizations; pass-through entities; investors in pass-through entities that hold Claims or common stock of Reorganized NGR Holding; and persons who received their Claims or common stock of Reorganized NGR Holding upon exercise of employee unit options or otherwise as compensation) and does not address the U.S. federal income tax consequences of the Plan to holders of Claims that are not entitled to vote on the Plan. Furthermore, the summary of certain U.S. federal income tax consequences to holders of Claims applies only to holders that hold their Claims as capital assets for U.S. federal income tax purposes (generally, property held for investment) and will hold their common stock of Reorganized NGR Holding as a capital asset for U.S. federal income tax purposes and assumes that the various debt and other arrangements to which the Debtors are or were parties will be respected for U.S. federal income tax purposes in accordance with their form. Insofar as such summary addresses U.S. federal income tax consequences related to the common stock of Reorganized NGR Holding, such summary applies only to holders of Claims that acquire the common stock of Reorganized NGR Holding in exchange for their Claims pursuant to the Plan.

A "U.S. holder" for purposes of this summary is a beneficial owner of a Class 3 Senior Note Claims, Class 5 Subordinated PIK Notes Claims or Impaired General Unsecured Claims that is, for U.S. federal income tax purposes:

- an individual who is a U.S. citizen or U.S. resident alien;

- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate whose income is subject to U.S. federal income taxation regardless of its source; or

- a trust (1) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

A "Non-U.S. holder" means a holder of a Class 3 Senior Note Claim, Class 5 Subordinated PIK Notes Claim, or Impaired General Unsecured Claim that is not a U.S. holder and is, for U.S. federal income tax purposes, an individual, corporation (or other entity treated as a corporation for U.S. federal income taxes purposes), estate or trust.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a Claim or common stock of Reorganized NGR Holding, the treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships and their partners should consult their tax advisors about the U.S. federal income tax consequences of participating in the Plan, including the tax consequences with respect to the ownership and disposition of common stock of Reorganized NGR Holding received under the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors

NGR Holding was recently formed in connection with the Prepetition Reorganization and has elected to be taxable as a corporation for U.S. federal income tax purposes. The Debtors expect to generate U.S. net operating loss ("**NOL**s") from the date of the Prepetition Reorganization through the Effective Date. It is unclear whether any such NOLs may be carried over to future taxable years. In any case, any such NOL carryforwards may be subject to limitations on its use, and if unused within 20 taxable years following the year of the operating loss, will expire. The amount of any such NOL carryforward and other losses, and the extent to which any limitations may apply, remains subject to audit and adjustment by the IRS.

As discussed below, the amount of the Debtors' NOL carryforwards, and possibly certain other tax attributes, may be significantly reduced upon implementation of the Plan. In addition, the Reorganized Debtors' subsequent utilization of any net built-in losses with respect to their assets and NOLs remaining, and possibly certain other tax attributes, may be restricted as a result of and upon the implementation of the Plan.

Cancellation of Debt and Reduction of Tax Attributes

It is anticipated that the Plan will result in a cancellation of a substantial portion of the Debtors' outstanding indebtedness. In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("**COD Income**") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of the amount of cash paid and the fair market value of any other consideration.

A debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce certain of its tax attributes by the amount of COD Income that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) NOLs and NOL carryovers; (b) certain tax credit carryovers; (c) net capital losses and capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject); (e) passive activity loss and credit carryovers; and (f) foreign tax credit carryovers. A debtor with COD Income may elect first to reduce the basis of its depreciable assets.

As a result of having their debt reduced in connection with their bankruptcy, the Debtors generally will not recognize COD Income from the discharge of indebtedness pursuant to the Plan; however, the Debtors expect that, subject to the limitations discussed herein, they will be required to make material reductions in their tax attributes. Because the Plan provides that holders of certain Claims may receive common stock of Reorganized NGR Holding, the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, will depend in part on the fair market value of the common stock of Reorganized NGR Holding. These values cannot be known with certainty as of the date hereof.

Limitation of NOL Carryforwards and Other Tax Attributes

While the Debtors expect to generate NOLs from the date of the Prepetition Reorganization through the Effective Date, the Debtors also expect that, as a consequence of the COD Income, their NOLs will be substantially reduced or eliminated, except to the extent the election to reduce the tax basis of depreciable assets (in lieu of NOLs) is applicable and made by the Debtors. In this regard, it is uncertain whether such election would apply to the Debtors' depletable properties or non-producing leasehold costs. The amount of tax attributes, if any,

that will be available to the Reorganized Debtors following such reduction is based on a number of factors and is impossible to calculate at this time. Some of the factors that will impact the amount of available tax attributes include: the amount of taxable income or loss incurred by the Debtors in 2015 and 2016 and the amount of COD Income recognized by the Debtors in connection with the consummation of the Plan. Following the consummation of the Plan, the Debtors anticipate that any remaining NOLs and other tax attributes, if any, may be subject to limitation under section 382 of the Tax Code by reason of the transactions under the Plan.

Under section 382 of the Tax Code, if a corporation undergoes an "ownership change," the amount of its pre-ownership change NOLs (collectively, "**Pre-Change Losses**") that may be utilized to offset future taxable income generally is subject to an annual limitation. Corresponding rules may reduce a corporation's ability to use losses if it has built-in losses in its assets at the time of an ownership change. Capital loss carryovers and certain tax credit carryovers are also generally limited after an ownership change under section 383 of the Tax Code. Trading activity in NGR Holding's shares or further changes in the ownership of NGR Holding stock prior to the issuance of the common stock of Reorganized NGR Holding pursuant to the Plan could result in "ownership changes" that may ultimately affect the ability to fully utilize the Debtors' NOLs. As discussed in greater detail herein, the Debtors anticipate that the issuance of the common stock of Reorganized NGR Holding pursuant to the Plan will result in an "ownership change" for these purposes with respect to the Reorganized Debtors that are treated as corporations for U.S. federal income tax purposes, and that such Reorganized Debtors' use of their Pre-Change Losses will be subject to limitation unless an exception to the general rules of Section 382 of the Tax Code applies. This limitation is independent of, and in addition to, the reduction of tax attributes described in the preceding section resulting from the exclusion of COD Income.

(a) **General Section 382 Annual Limitation**

In general, the annual limitation determined under section 382 of the Tax Code in the case of an "ownership change" of a corporation (the "**Section 382 Limitation**") is equal to the product of (a) the fair market value of the stock of the corporation immediately before the ownership change (with certain adjustments) multiplied by (b) the applicable "long-term tax-exempt rate" posted by the IRS. Generally, the Section 382 Limitation may be increased to the extent that the corporation recognizes certain built-in gains in its assets during the five-year period following the ownership change, or is treated as recognizing built-in gains pursuant to certain safe harbors provided by the IRS. Corresponding rules may reduce a corporation's ability to use losses if it has built-in losses in its assets at the time of an ownership change. Section 383 of the Tax Code applies a limitation, similar to the Section 382 Limitation, to capital loss carryforwards and tax credits. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. The debtor corporation's Pre-Change Losses will be subject to further limitations if the debtor does not continue its business enterprise for at least two years following the ownership change or if it experiences additional future ownership changes. As discussed below, however, special rules may apply in the case of a corporation which experiences an ownership change as the result of a bankruptcy proceeding.

(b) **Special Bankruptcy Exceptions**

An exception to the foregoing annual limitation rules generally applies when the existing shareholders and/or so-called "qualified creditors" of a debtor corporation in a chapter 11 bankruptcy case receive, in respect of their claims or interests, at least 50% of the vote and value of the stock of the reorganized debtor (or stock of a controlling corporation if also in bankruptcy) pursuant to a confirmed chapter 11 plan (the "**382(l)(5) Exception**"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis but, instead, the debtor's NOLs are required to be reduced by the amount of any interest deductions claimed during any taxable year ending during the three-year period preceding the taxable year that includes the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization. If the 382(l)(5) Exception applies and the debtor undergoes another ownership change within two years after consummation of the plan, then the debtor's Pre-Change Losses effectively would be eliminated in their entirety.

When the 382(l)(5) Exception is not applicable (either because the debtor does not qualify for it or the debtor otherwise elects not to utilize the 382(l)(5) Exception), a second special rule will generally apply to a debtor in chapter 11 (the "**382(l)(6) Exception**"). When the 382(l)(6) Exception applies, a debtor corporation that

undergoes an ownership change generally is permitted to determine the fair market value of its stock after taking into account the increase in value resulting from any surrender or cancellation of creditors' claims in the bankruptcy. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an ownership change to be determined before the events giving rise to the change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception in that the debtor corporation is not required to reduce its NOLs by interest deductions in the manner described above, and the debtor may undergo a change of ownership within two years without triggering the elimination of its Pre-Change Losses.

Whether the Debtors qualify for the 382(l)(5) Exception is highly fact specific and significant uncertainties exist as to the facts and law underlying this position. Thus, the Debtors are not certain whether they will qualify for the Section 382(l)(5) Exception or would choose to elect out of the Section 382(l)(5) Exception. If the Debtors do not qualify for the 382(1)(5) Exception or the Debtors elect out of the 382(l)(5) Exception, the Debtors' use of its Pre-Change Losses will be subject to the Section 382 Limitation following confirmation of the Plan, calculated under the special rule of Section 382(1)(6) of the Tax Code described above. However, any NOLs generated in any-post-Effective Date taxable year (including the portion of the taxable year of the ownership change following the Effective Date) should not be subject to this limitation.

Regardless of whether the Debtors take advantage of the 382(l)(5) Exception or the 382(l)(6) Exception, the Reorganized Debtors' use of their Pre-Change Losses, if any, after the Effective Date may be adversely affected if an "ownership change" within the meaning of Section 382 of the Tax Code were to occur after the Effective Date.

Alternative Minimum Tax

In general, an alternative minimum tax ("**AMT**") is imposed on a corporation's alternative minimum taxable income ("**AMTI**") at a 20% rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for AMT NOLs for certain taxable years, only 90% of a corporation's AMTI may be offset by available AMT NOL carryforwards. Additionally, under section 56(g)(4(G) of the Tax Code an ownership change (as discussed above) that occurs with respect to a corporation having a net unrealized built-in loss in its assets may cause the corporation's aggregate tax basis in its assets to be reduced for certain AMT purposes to reflect the fair market value of such assets as of the change date.

C. Certain U.S. Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Class 3 Second Lien Notes Claims

The U.S. federal income tax consequences of the Plan to a U.S. holder of a Claim will depend, in part, on whether the related Claim (and, in the case of the Class 3 Second Lien Notes Claims, the Rights) constitutes a "security" of NGR Holding for federal income tax purposes, whether the holder reports income on the accrual or cash basis, whether the holder has taken a bad debt deduction or worthless security deduction with respect to the Claim and whether the holder receives distributions under the Plan in more than one taxable year. U.S. holders should consult their tax advisors regarding the tax consequences of the Plan based on their individual circumstances.

Definition of Securities

Whether an instrument constitutes a "security" is determined based upon all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. Under somewhat different facts, the IRS has ruled that new debt obligations with a term of less than five years issued in exchange for and bearing the same terms (other than interest rate) as securities should also be classified as securities for this purpose, since the new debt represents a continuation of the holder's investment in the corporation in substantially the same form. The Second Lien Notes and the Subordinated PIK Notes each have terms of approximately five (5) years. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for

payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. In addition, in the case of an instrument issued by an entity that is disregarded as an entity separate from a corporation for U.S. federal income tax purposes, it is unclear whether such instrument may constitute a security of such corporation. Because of the inherently factual nature of this determination, each U.S. holder of a Claim is urged to consult its tax advisor regarding whether such Claim (and, in the case of the U.S. holders of Class 3 Second Lien Notes Claims, whether the Rights) constitutes a security for federal income tax purposes.

Exchange of Claims

The determination of whether Class 3 Second Lien Notes Claims, Class 5 Subordinated PIK Notes Claims, or the Rights constitute "securities" of NGR Holding for federal income tax purposes is made separately for the Rights and for each type of Claim. If a Claim constitutes a security of NGR Holding, then the receipt of common stock of Reorganized NGR Holding in exchange therefor pursuant to the Plan should be treated as part of a reorganization under the Tax Code, with the consequences described below under "Reorganization Treatment." If, on the other hand, a Claim does not constitute a security of NGR Holding, then the receipt of common stock of Reorganized NGR Holding and/or the Rights in exchange therefor pursuant to the Plan will be treated as a fully taxable transaction, with the consequences described below under "Fully Taxable Exchange." Whether the Rights or the Impaired General Unsecured Claims are securities for these purposes does not impact this initial determination. As described below, however, the additional determination of whether the Rights constitute securities of Reorganized NGR Holding is relevant when a U.S. holder's exchange of Class 3 Second Lien Notes Claims is part of a reorganization under the Tax Code. The exchange of Impaired General Unsecured Claims, if any, pursuant to the Plan will have the consequences described below under "Fully Taxable Exchange."

(a) Second Lien Notes are Securities for Tax Purposes

In general, if a Claim constitutes a security of NGR Holding for federal income tax purposes, a U.S. holder that exchanges such security for common stock of Reorganized NGR Holding (or, if the Rights are a security of Reorganized NGR Holding, for such Rights) as part of a reorganization under the Tax Code (i) will recognize gain on such exchange only to the extent of any amounts received in respect of accrued but unpaid interest on the holder's security which has not previously been included by the holder in taxable income and (ii) will not be permitted to recognize a loss. Notwithstanding the foregoing, a U.S. holder of a Class 3 Second Lien Notes Claim would still have to recognize its gain, if any, to the extent of the fair market value of the Rights it receives if such Rights do not constitute a security of Reorganized NGR Holding for U.S. federal income tax purposes.

In a reorganization exchange, a U.S. holder's aggregate tax basis in any shares of common stock of Reorganized NGR Holding and Rights (if such Rights are securities of Reorganized NGR Holding) received would equal the aggregate adjusted tax basis of the Claims exchanged therefor. Such aggregate tax basis presumably should be allocated among any common stock of Reorganized NGR Holding and any Rights (if such Rights are securities of Reorganized NGR Holding) received in accordance with their relative fair market values. Furthermore, a U.S. holder would have a holding period for the common stock of Reorganized NGR Holding and any Rights (if such Rights are securities of Reorganized NGR Holding) that includes the holding period for the Claims exchanged therefor. The adjusted tax basis of any share of common stock of Reorganized NGR Holding treated as received in satisfaction of accrued interest would equal the fair market value of such common stock of Reorganized NGR Holding and the holding period for such share of common stock of Reorganized NGR Holding would begin on the day following the day of receipt. If the Rights do not constitute securities of NGR Holding, a U.S. holder's tax basis in such Rights should equal the fair market value of such Rights on the date of the exchange and the holding period for such Rights would begin on the day following receipt.

(b) Fully Taxable Exchange

If the exchange of a Claim pursuant to the Plan is a fully taxable exchange, then, subject to the discussion under "Distributions After the Effective Date" below, the exchanging U.S. holder should generally recognize gain or loss on the exchange equal to the difference between (i) the aggregate fair market value of the

common stock of Reorganized NGR Holding and the Rights that are received in the exchange (excluding common stock of Reorganized NGR Holding and Rights that are treated as attributable to accrued interest on such Claims and possibly accrued original issue discount ("**OID**"), which is taxable as described below under "Accrued Interest"), and (ii) the U.S. holder's adjusted tax basis in such Claims (other than any tax basis attributable to accrued but unpaid interest and possibly accrued OID). The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the nature of the Claim in such U.S. holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. holder has previously claimed a bad debt deduction with respect to its Claim. See the discussions below under "Accrued Interest" and "Market Discount." The U.S. holder's tax basis in such common stock of Reorganized NGR Holding and the Rights should generally be the fair market value of the common stock of Reorganized NGR Holding and Rights at the time received, and the U.S. holder's holding period in such common stock of Reorganized NGR Holding and Rights, if any, should generally begin on the day following the day of receipt.

U.S. holders of Allowed Claims should consult their tax advisors regarding the tax consequences of the exchange, including: the tax consequences of any distributions that may be made after the Effective Date on account of the disallowance of any Disputed Claim and possible alternative characterizations of the exchange.

Common Stock of Reorganized NGR Holding

(b) Distributions

The gross amount of any distribution of cash or property made to a U.S. holder with respect to common stock of Reorganized NGR Holding generally will be includible in gross income by a U.S. holder as dividend income to the extent such distribution is paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends received by non-corporate U.S. holders may qualify for reduced rates of taxation. Subject to applicable limitations, a distribution which is treated as a dividend for U.S. federal income tax purposes may qualify for the dividends-received deduction if such amount is distributed to a U.S. holder that is a corporation and certain holding period and certain other requirements are satisfied. Any dividend received by a U.S. holder that is a corporation may be subject to the "extraordinary dividend" provisions of the Tax Code. A distribution in excess of current and accumulated earnings and profits, as determined under U.S. federal income tax principles, will first be treated as a return of capital to the extent of the U.S. holder's adjusted tax basis in its common stock of Reorganized NGR Holding and will be applied against and reduce such basis dollar-for-dollar (thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent taxable disposition of the common stock of Reorganized NGR Holding). To the extent that such distribution exceeds the U.S. holder's adjusted tax basis in its common stock of Reorganized NGR Holding, the distribution will be treated as capital gain, which will be treated as long-term capital gain if such U.S. holder's holding period in its common stock of Reorganized NGR Holding exceeds one year as of the date of the distribution.

(c) Sale, Exchange, or Other Taxable Disposition.

For U.S. federal income tax purposes, a U.S. holder generally will recognize gain or loss on the sale, exchange, or other taxable disposition of any of its common stock of Reorganized NGR Holding in an amount equal to the difference, if any, between the amount realized for the common stock of Reorganized NGR Holding and the U.S. holder's adjusted tax basis in the common stock of Reorganized NGR Holding. Subject to the rules discussed below under "Market Discount," any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the holder has a holding period in the common stock of Reorganized NGR Holding of more than one year as of the date of disposition. Capital gains of non-corporate U.S. holders derived with respect to a sale, exchange, or other taxable disposition of common stock of Reorganized NGR Holding held for more than one year may be eligible for reduced rates of taxation. Under the Tax Code section 108(e)(7) recapture rules, a holder may be required to treat gain recognized on the taxable disposition of the common stock of Reorganized NGR Holding as ordinary income if the holder took a bad debt deduction with respect to the Second Lien Notes or Subordinated PIK Notes, or recognized an ordinary loss on the exchange of the Second Lien Notes or Subordinated PIK Notes for common stock of Reorganized NGR Holding. The deductibility of capital losses is subject to limitations. Holders are urged to consult their own tax advisors regarding such limitations.

Holders of common stock of Reorganized NGR Holding are urged to consult their tax advisors regarding the tax consequences related to the common stock of Reorganized NGR Holding.

Distributions After the Effective Date

If a U.S. holder of an Allowed Claim receives a distribution pursuant to the Plan subsequent to the Effective Date, a portion of such distributions may be treated as imputed interest under the imputed interest provisions of the Tax Code. Such imputed interest may accrue over time, in which case a holder may be required to include such imputed interest in income prior to the actual distributions. Any loss and a portion of any gain realized by such holder may be subject to deferral. Furthermore, the "installment sale" rules of the Tax Code may apply to gain recognized by such U.S. holder unless the U.S. holder elects out of such rules.

U.S. holders of Claims should consult their tax advisors regarding the tax consequences of distributions made after the Effective Date, including the potential applicability of (and ability to elect out of) the installment sale rules and the potential applicability of the imputed interest rules.

Accrued But Unpaid Interest or OID

To the extent that any amount received by a U.S. holder under the Plan is attributable to accrued but unpaid interest and such interest has not previously been included in the U.S. holder's gross income for U.S. federal income tax purposes, such amount would generally be taxable to the U.S. holder as ordinary interest income. A U.S. holder may be able to recognize a deductible loss to the extent that any accrued interest or OID on the debt instrument constituting such Claim was previously so included in the U.S. holder's gross income but was not paid in full by the Debtors.

The extent to which any amount received by a U.S. holder will be attributable to accrued but untaxed interest is unclear. Under the Plan, the aggregate consideration to be distributed to holders of Allowed Claims in each Class in full or partial satisfaction of their Claims will be treated as first satisfying the stated principal amount of the Allowed Claims for such holders and any remaining consideration as satisfying accrued, but unpaid, interest, if any. The IRS could take the position, however, that the consideration received by a holder should be allocated in some way other than as provided in the Plan.

Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

Market Discount

Under the "market discount" provisions of sections 1276 through 1278 of the Tax Code, some or all of any gain realized by a U.S. holder exchanging any debt instrument constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on the debt constituting the surrendered Allowed Claim.

A debt instrument to which sections 1276 through 1278 of the Tax Code may apply is generally considered to have been acquired with "market discount" if it is acquired other than on original issue and its basis immediately after its acquisition by the U.S. holder is less than (i) its "stated redemption price at maturity," or (ii) in the case of a debt instrument issued with OID, its "revised issue price," by more than a statutorily defined *de minimis* amount.

Any gain recognized by a U.S. holder on the taxable disposition of debts to which sections 1276 through 1278 of the Tax Code may apply and that is acquired with market discount would be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the U.S. holder (unless the U.S. holder elected to include market discount in income as it accrued). To the extent that such surrendered debts that had been acquired with market discount are exchanged for common stock of Reorganized NGR Holding in a tax-free reorganization, any market discount that accrued on such debts but was not recognized by the U.S. holder may be required to be carried over to the property received therefor and any gain

recognized on the subsequent sale, exchange, redemption or other disposition of the common stock of Reorganized NGR Holding may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument.

Medicare Tax

Certain U.S. holders that are individuals, estates, or trusts are required to pay an additional 3.8% tax on, among other things, dividends, interest, and gains from the sale or other disposition of capital assets. U.S. holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their own situation.

D. Certain U.S. Federal Income Tax Considerations for Non-U.S. Holders of Allowed Class 3 Second Lien Notes Claims

The rules governing U.S. federal income taxation of a Non-U.S. holder are complex. The following discussion includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. holders. The discussion does not include any non-U.S. tax considerations. Non-U.S. holders should consult with their own tax advisors to determine the effect of U.S. federal, state, and local tax laws, as well as any other applicable non-U.S. tax laws and/or treaties, with regard to their participation in the transactions contemplated by the Plan, their ownership of Allowed Claims, and the ownership and disposition of the common stock of Reorganized NGR Holding.

Whether a Non-U.S. holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. holders.

Gain Recognition

Any gain realized by a Non-U.S. holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. holder is an individual who was present in the U.S. for 183 days or more during the taxable year which includes the Effective Date and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. holder of a trade or business in the U.S. (and if an applicable income tax treaty requires, such gain is attributable to a permanent establishment maintained by such Non-U.S. holder in the U.S.).

If the first exception applies, to the extent that any gain is taxable and does not qualify for deferral as described above, the Non-U.S. holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. holder's conduct of a trade or business in the U.S. in the same manner as a U.S. holder. In order to claim an exemption from or reduction in withholding tax, such Non-U.S. holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates) or IRS Form W-8BEN or W-8BEN-E (if a treaty exemption applies). In addition, if such Non-U.S. holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

U.S. Federal Income Tax Consequences to Non-U.S. Holders of Owning and Disposing of Common Stock of Reorganized NGR Holding

(a) Dividends on Common Stock of Reorganized NGR Holding

Any distributions made with respect to common stock of Reorganized NGR Holding will constitute dividends for U.S. federal income tax purposes to the extent of Reorganized NGR Holding's current or accumulated earnings and profits as determined under U.S. federal income tax principles. Except as described below, dividends paid with respect to common stock of Reorganized NGR Holding held by a Non-U.S. holder that are not effectively

connected with a Non-U.S. holder's conduct of a U.S. trade or business (or if an income tax treaty requires, are not attributable to a permanent establishment maintained by such Non-U.S. holder in the U.S.) will be subject to U.S. federal withholding tax at a rate of 30% (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to common stock of Reorganized NGR Holding held by a Non-U.S. holder that are effectively connected with a Non-U.S. holder's conduct of a U.S. trade or business (and if an income tax treaty requires, are attributable to a permanent establishment maintained by such Non-U.S. holder in the U.S.) generally will be subject to U.S. federal income tax in the same manner as a U.S. holder, and a Non-U.S. holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

(b) Sale, Redemption, or Repurchase of Common Stock of Reorganized NGR Holding

A Non-U.S. holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of common stock of Reorganized NGR Holding, unless:

(i) such Non-U.S. holder is an individual who is present in the U.S. for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the U.S.; or

(ii) such gain is effectively connected with such Non-U.S. holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. holder in the U.S.); or

(iii) Reorganized NGR Holding is or has been a "United States real property holding corporation" for U.S. federal income tax purposes (a "**USRPHC**") at any time during the shorter of the Non-U.S. holder's holding period for the common stock of Reorganized NGR Holding and the five year period ending on the date of disposition (the "**Applicable Period**").

If the first exception applies, the Non-U.S. holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of common stock of Reorganized NGR Holding. If the second exception applies, the Non-U.S. holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. holder, and a Non-U.S. holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. Even if Reorganized NGR Holding is or becomes a USRPHC, so long as the common stock of Reorganized NGR Holding is regularly traded on an established securities market for U.S. federal income tax purposes, a Non-U.S. holder generally will not be subject to United States federal income tax on any gain from the disposition of the common stock of Reorganized NGR Holding by virtue of Reorganized NGR Holding being a USRPHC unless such Non-U.S. holder actually or constructively owned more than 5% of the outstanding common stock of Reorganized NGR Holding at some time during the Applicable Period. Any gain that is taxable because Reorganized NGR Holding is a USRPHC will generally be taxable in the same manner as gain that is effectively connected income (as described above), except that the branch profits tax will not apply. The Debtors believe that based on current business plans and operations, Reorganized NGR Holding is a USRPHC and will continue to be a USRPHC in the future.

FATCA

Under the Foreign Account Tax Compliance Act ("**FATCA**"), foreign financial institutions and certain other foreign entities must report certain information and in certain cases enter into an agreement with the IRS with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including dividends, if any, on common stock of Reorganized NGR Holding and interest (including OID)), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include common stock of Reorganized NGR Holding). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

FATCA withholding rules are generally currently applicable to U.S.-source payments of interest and dividends, and to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S.-source interest or dividends that occurs after December 31, 2018. FATCA withholding rules do not apply to payments made under certain "grandfathered" obligations. Although administrative guidance and Treasury regulations have been issued, the exact scope of these rules remains unclear and potentially subject to material changes.

Each Non-U.S. holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. holder's exchange of its Claims pursuant to the Plan and the ownership of common stock of Reorganized NGR Holding.

E. Information Reporting and Backup Withholding

Payments made pursuant to the Plan will generally be subject to any applicable federal income tax information reporting and backup withholding requirements. The Tax Code imposes backup withholding tax on certain payments, including payments of interest and dividends, if a taxpayer (a) fails to furnish its correct taxpayer identification number (generally on IRS Form W-9 for a U.S. holder); (b) furnishes an incorrect taxpayer identification number; (c) is notified by the IRS that it has previously failed to report properly certain items subject to backup withholding tax; or (d) fails to certify, under penalty of perjury, that such taxpayer has furnished its correct taxpayer identification number and that the IRS has not notified such taxpayer that it is subject to backup withholding tax. However, taxpayers that are C corporations generally are excluded from these information reporting and backup withholding tax rules provided that evidence of such corporate status is furnished to the payor. Backup withholding is not an additional federal income tax. Any amounts withheld under the backup withholding tax rules will generally be allowed as a credit against a taxpayer's federal income tax liability, if any, or will be refunded to the extent the amounts withheld exceed the taxpayer's actual tax liability, if such taxpayer timely furnishes required information to the IRS. **Each taxpayer should consult its own tax advisor regarding the information reporting and backup withholding tax rules as they relate to distributions under the Plan.**

In addition, from an information reporting perspective, U.S. Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

F. Importance of Obtaining Professional Tax Assistance

The foregoing discussion is intended only as a summary of certain U.S. federal income tax consequences of the Plan, does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder of a Claim in light of such holder's circumstances and tax situation and is not a substitute for consultation with a tax professional. The above discussion is for informational purposes only and is not tax advice. The tax consequences of the Plan are complex and are in many cases uncertain and may vary

depending on a claimant's particular circumstances. Accordingly, all holders of Allowed Claims are strongly urged to consult their own tax advisors about the federal, state, local, and applicable non-U.S. income and other tax consequences to them under the Plan, including with respect to tax reporting and record keeping requirements.

XIV. RECOMMENDATION AND CONCLUSION

The Debtors believe that confirmation of the Plan is in the best interests of all creditors and urge all creditors in Class 3, 4(if impaired) and Class 5 to vote favor of the Plan.

Dated: December 17, 2015

NGR HOLDING COMPANY LLC
on behalf of itself and all other Debtors

By: /s/ Danni Morris
Name: Danni Morris
Title: Chief Financial Officer

EXHIBIT A TO THE DISCLOSURE STATEMENT

DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT PLAN HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
NEW GULF RESOURCES, LLC, *et al*.	)	Case No. 15-12566 (BLS)
Debtors.[1]	)	Joint Administration Pending

DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Proposed Co-Counsel to Debtors and Debtors in Possession

Dated: December 17, 2015

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: NGR Holding Company LLC (1782), New Gulf Resources, LLC (1365); NGR Finance Corp. (5563) and NGR Texas, LLC (a disregarded entity for tax purposes). The Debtors' mailing address is 10441 S. Regal Boulevard, Suite 210, Tulsa, Oklahoma 74133.

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INTRODUCTION

NGR Holding Company LLC and its affiliated Debtors jointly propose the following plan of reorganization under section 1121(a) of chapter 11 of title 11 of the United States Code. Although proposed jointly for administrative purposes, the Plan constitutes a separate Plan for each Debtor for the resolution of outstanding Claims against and Equity Interests in each Debtor pursuant to the Bankruptcy Code. The Debtors seek to consummate the restructuring on the Effective Date of the Plan. Each Debtor is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The classifications of Claims and Interests set forth in Article III shall be deemed to apply separately with respect to each Plan proposed by each Debtor, as applicable. The Plan does not contemplate substantive consolidation of any of the Debtors.

Reference is made to the Disclosure Statement accompanying the Plan, including the exhibits thereto, for a discussion of the Debtors' history, business, results of operations, and projections for future operations and risk factors, together with a summary and analysis of the Plan.

THIS PLAN SHOULD BE CONSIDERED ONLY IN CONJUNCTION WITH THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED HEREWITH. THE DISCLOSURE STATEMENT IS INTENDED TO PROVIDE YOU WITH INFORMATION YOU NEED TO MAKE AN INFORMED JUDGMENT WHETHER TO ACCEPT OR REJECT THIS PLAN.

ARTICLE I.
DEFINITIONS AND CONSTRUCTION OF TERMS

A. Definitions.

Unless otherwise defined herein, the following terms shall have the respective meanings set forth below:

1. *Accrued Professional Compensation*: means, at any given time, and regardless of whether such amounts are billed or unbilled, all accrued, contingent, and/or unpaid fees and expenses (including success fees) for legal, financial advisory, accounting, and other services, and reimbursement of expenses by any Professional that the Court has not, as of the Effective Date, denied by Final Order (i) all to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount), (ii) such fees and expenses are allowed pursuant to sections 327, 328, 331, 503(b) or 1103(a) of the Bankruptcy Code, and (iii) after applying the remaining balance of any retainer that has been provided by the Debtors to such Professional. To the extent the Court denies or reduces by a Final Order any amount of a Professional's fees or expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation.

2. *Ad Hoc Committee*: means the ad hoc committee of certain holders of Second Lien Notes represented by Stroock & Stroock & Lavan LLP and Richards, Layton & Finger, PA.

3. *Administrative Claim*: means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases of a kind specified under section 503(b) of the Bankruptcy Code and entitled to priority under sections 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to, (i) any actual and necessary costs and expenses of preserving the Estates, (ii) any actual and necessary costs and expenses of operating the Debtors' businesses during the Chapter 11 Cases, (iii) any indebtedness or obligations assumed by the Debtors during the Chapter 11 Cases in connection with the conduct of its businesses, (iv) all compensation and reimbursement of expenses of Professionals to the extent awarded by the Court, (v) any fees or charges assessed against the Estates under section 1930 of title 28 of the United States Code, (vi) any Claim for goods delivered to the Debtors within twenty days of the Petition Date and entitled to administrative priority pursuant to section 503(b)(9) of the Bankruptcy Code, and (vii) all Transaction Expenses. For the avoidance of doubt, Administrative Claims includes the DIP Loan Claims.

4. *Allowed*: means with respect to any Claim, (i) following the Claims Objection Deadline, any Claim as to which no objection or request for estimation has been filed prior to the Claims Objection Deadline, (ii) a Claim that has been expressly allowed by Final Order, (iii) a Claim as to which the Debtors (with the prior consent of the Requisite Supporting Noteholders) or the Reorganized Debtors expressly agree to the amount, priority, and allowance thereof in writing, or (iv) a Claim that is expressly allowed pursuant to the terms of this Plan. If a Claim is Allowed only in part, any provisions hereunder with respect to Allowed Claims are applicable solely to the Allowed portion of such Claim. For the avoidance of doubt, any Claim that was required to be filed by the Claims Bar Date, but was not timely filed, shall not be Allowed, shall be deemed disallowed pursuant to the Bar Date Order, and the party asserting such Claim shall be forever barred, estopped and enjoined from asserting such Claim against the Debtors, the Reorganized Debtors, any affiliates of the Debtors or the Reorganized Debtors, or any of their respective property, and such Claim shall be deemed discharged as of the Effective Date, unless otherwise ordered by a Final Order of the Bankruptcy Court. Except as otherwise specified in the Plan or any Final Order, the amount of an Allowed Claim shall not include interest on such Claim from and after the Petition Date.

5. *Avoidance Actions*: means any and all actual or potential claims and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtors pursuant to any applicable Bankruptcy Code section, including Bankruptcy Code sections 502, 510, 542, 544, 545, 547 through 553, and 724(a) or under similar or related state or federal statutes and common law, including fraudulent transfer laws (in each case, excluding any Causes of Action against the Released Parties, which, for the avoidance of doubt, are released under the Plan).

6. *Backstop Agreement*: means that certain Backstop Note Purchase Agreement, dated as of December 15, 2015, between the Debtors and Persons party thereto as "Backstop Parties" thereunder (as may be amended, supplemented, or modified, from time to time, solely in accordance with the terms thereof).

7. *Backstop Commitment Notes:* has the meaning given to it in the Backstop Agreement.

8. *Backstop Parties*: has the meaning given to it in the Backstop Agreement.

9. *Ballots*: means each of the ballots distributed with the Disclosure Statement to each holder of an Impaired Claim that is entitled to vote to accept or reject the Plan.

10. *Bankruptcy Code*: means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect with respect to the Chapter 11 Cases.

11. *Bankruptcy Rules*: means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, and local rules of the Court, as the context may require, as in effect with respect to the Chapter 11 Cases.

12. *Bar Date Order*: means the order establishing the Claims Bar Date.

13. *Business Day*: means any day on which commercial banks are open for business, and not authorized to close, in New York, New York, except any day designated as a legal holiday by Bankruptcy Rule 9006(a).

14. *Cash*: means legal tender of the United States of America.

15. *Causes of Action*: means any and all claims, causes of actions, cross-claims, counterclaims, third-party claims, indemnity claims, reimbursement claims, contribution claims, defenses, demands, rights, actions, debts, damages, judgments, remedies, Liens, indemnities, guarantees, suits, obligations, liabilities, accounts, offsets, recoupments, powers, privileges, licenses, and franchises of any kind or character whatsoever, known or unknown, contingent or noncontingent, matured or unmatured, suspected or unsuspected, disputed or undisputed, foreseen or unforeseen, direct or indirect, choate or inchoate, whether arising before, on, or after the Petition Date, including through the Effective Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law (other than Avoidance Actions). For the avoidance of doubt, the term "Causes of Action" shall include: (i) all rights of setoff, counterclaim, or recoupment and claims on contracts or for breaches of duties imposed by law or in equity; (ii) the right to object to Claims; (iii) all claims pursuant to sections 362, 510, 542, 543, 544 through 550, 552 or 553 of the Bankruptcy Code; (iv) all claims and defenses, including fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the Bankruptcy Code; and (v) any state law fraudulent transfer claims.

16. *Chapter 11 Cases*: means the chapter 11 cases commenced by the Debtors.

17. *Claim*: means a "claim," as such term is defined in section 101(5) of the Bankruptcy Code.

18. *Claims Bar Date*: means such date established by order of the Bankruptcy Court by which Proofs of Claim must have been filed.

19. *Claims Objection Deadline*: means the first Business Day that is the later of (i) one-hundred eighty days after the Effective Date, (ii) as to Proofs of Claim filed after the applicable Claims Bar Date, the 60th day after a Final Order is entered by the Bankruptcy Court deeming the late-filed Proof of Claim to be treated as timely filed, or (iii) such other later date the Court may establish upon a motion by the Debtors or the Reorganized Debtors, which motion shall be in form and substance satisfactory to the Requisite Supporting Noteholders and may be approved without a hearing and without notice to any party.

20. *Claims Register*: means the official register of Claims maintained by the Notice and Claims Agent.

21. *Class*: means a group of Claims or Equity Interests classified under the Plan.

22. *Collateral*: means any property, or interest in property, of any of the Debtors' Estates subject to a Lien to secure the payment or performance of a Claim, which Lien has not been avoided or is not subject to avoidance under the Bankruptcy Code or is not otherwise invalid under the Bankruptcy Code or applicable law.

23. *Confirmation*: means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

24. *Confirmation Date*: means the date of Confirmation.

25. *Confirmation Hearing*: means the hearing held by the Court pursuant to Bankruptcy Rule 3020(b)(2) and section 1128 of the Bankruptcy Code, including any adjournments thereof, at which the Court will consider confirmation of the Plan and other related matters.

26. *Confirmation Order*: means the order entered by the Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which order shall be in form and substance consistent with the Restructuring Support Agreement, the Backstop Agreement and otherwise satisfactory to the Requisite Supporting Noteholders and the Debtors.

27. *Court*: means (i) the United States Bankruptcy Court for the District of Delaware, (ii) to the extent there is no reference pursuant to section 157 of title 28 of the United States Code, the United States District Court for the District of Delaware, and (iii) any other court having jurisdiction over the Chapter 11 Cases or proceedings arising therein.

28. *Covered Action*: means any and all claims, liabilities or Causes of Action for any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date based on, arising under or in any way relating to the Debtors, their affiliates and former affiliates, their limited liability company agreements or other organizational documents, the Prepetition Reorganization, the Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any security, asset, right, or interest of the Debtors or the Reorganized Debtors, the formulation, negotiation, preparation, dissemination, implementation, administration, solicitation, confirmation or consummation of the Chapter 11 Cases, the Plan, the Disclosure Statement, the Organizational Documents of the Reorganized

Debtors, the Restructuring Transactions, the Rights Offering, the sale or issuance of the Rights, the New Equity Interests or the New First Lien Notes or any other debt or security to be offered, issued, or distributed in connection with the Plan, the Restructuring Support Agreement and the Backstop Agreement and the transactions or arrangements contemplated thereby, or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or the restructuring of the Debtors or Reorganized Debtors.

29. *Creditors' Committee*: means the official committee of unsecured creditors of the Debtors, if any, appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code, as may be reconstituted from time to time.

30. *Cure Claim*: means a Claim in an amount equal to all unpaid monetary obligations under an Executory Contract assumed by the Debtors required to be paid pursuant to section 365 of the Bankruptcy Code, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law, or such lesser amount as may be agreed upon by the parties under an Executory Contract, with the consent of the Requisite Supporting Noteholders. Any Cure Claim to which the holder thereof disagrees with the priority and/or amount thereof as determined by the Debtors (with the consent of the Requisite Supporting Noteholders) shall be deemed a Disputed Claim under this Plan.

31. *Debtors*: means, collectively NGR Holding Company LLC; New Gulf Resources, LLC; NGR Finance Corp.; and NGR Texas, LLC.

32. *Dilution Events*: means the dilution of New Equity Interests (as applicable) as a result of (i) the conversion of New First Lien Notes to New Equity Interests in accordance with New First Lien Note Documents, and (ii) the awards issued under the Reorganized NGR Holding Management Incentive Plan.

33. *DIP Agent*: has the meaning given in the DIP Loan Documents.

34. *DIP Credit Agreement*: means that certain Senior Secured Debtor in Possession Credit Agreement, dated as of [•] between the Debtors and [•] (as may be amended, supplemented, or modified from time to time, solely in accordance with the terms thereof).

35. *DIP Exchange*: means the surrender and exchange by the DIP Lenders of the principal portion of the DIP Loan Claims for New First Lien Notes, in accordance with and subject to the terms of this Plan.

36. *DIP Exchange Notes*: means New First Lien Notes, in an amount equal to (x) $5,250,000, plus (y) the principal amount outstanding under the DIP Loans on the Effective Date, issued to the DIP Lenders in connection with the DIP Exchange, in each case, pursuant to the terms and conditions of this Plan (including Article II.B.2 of the Plan).

37. *DIP Lenders*: means the Persons party to the DIP Credit Agreement as "Lenders" thereunder, and each of their respective successors and permitted assigns.

38. *DIP Loans*: means the senior secured, priming, super-priority term loans and all indebtedness and other obligations of the Debtors arising from or under the DIP Credit Agreement and the other DIP Loan Documents, including all "Obligations" as defined in the DIP Credit Agreement.

39. *DIP Loan Claims*: means all Claims held by the DIP Agent and the DIP Lenders on account of, arising under or relating to the DIP Loans, which includes, without limitation, Claims for all principal amounts outstanding, interest, fees, reasonable and documented expenses, costs and other charges of the DIP Agent and the DIP Lenders.

40. *DIP Loan Documents*: has the meaning given in the DIP Order.

41. *DIP Order*: means that certain order of the Bankruptcy Court approving the Debtors' entry into the DIP Loans, which order shall be in form and substance acceptable to the DIP Agent and the DIP Lenders.

42. *Disbursing Agent*: means the entity or entities, which may be a Reorganized Debtor, designated by the Debtors or the Reorganized Debtors, as applicable, with the consent of the Requisite Supporting Noteholders, to distribute the Plan consideration and Distributions provided under the Plan. For the avoidance of doubt, the Indenture Trustees shall serve as Disbursing Agent for the holders of Allowed Claims under each respective indenture.

43. *Disclosure Statement*: means the Disclosure Statement for Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, in furtherance of this Plan, which shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Requisite Supporting Noteholders.

44. *Disclosure Statement Motion*: means the motion filed by the Debtors, substantially contemporaneously with the filing of the Chapter 11 Cases, seeking entry of an order (i) scheduling an objection deadline and the Confirmation Hearing, (ii) approving the form and notice of the Confirmation Hearing, (iii) establishing procedures for objections to the Disclosure Statement and the Plan, (iv) approving the Disclosure Statement and Solicitation Procedures, and (v) granting related relief.

45. *Disclosure Statement Order*: means the order approving the Disclosure Statement, approving the Solicitation Procedures, scheduling the Confirmation Hearing and granting related relief, which order shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Requisite Supporting Noteholders and the Debtors.

46. *Disputed*: means, with respect to any Claim, other than a Claim that has been Allowed pursuant to the Plan or a Final Order, a Claim (i) that is listed in the Schedules as unliquidated, contingent, or disputed, and as to which no request for payment or proof of Claim has been filed, (ii) as to which a proper request for payment or proof of Claim has been filed, but with respect to which an objection or request for estimation has been filed and has not been withdrawn or determined by a Final Order, (iii) that is disputed in accordance with the provisions of the Plan, or (iv) that is otherwise subject to a dispute that is being adjudicated,

determined, or resolved, as of any relevant date, in accordance with applicable nonbankruptcy law, pursuant to Article VIII.A.3.

47. *Distribution*: means a distribution or payment of property or consideration pursuant to the Plan, to take place as provided for herein.

48. *Distribution Record Date*: means, for purposes of making distributions under the Plan, [•] Business Days following the Confirmation Date.

49. *DTC*: means the Depository Trust Company.

50. *Effective Date*: means the date which is the first Business Day selected by the Debtors and the Requisite Supporting Noteholders, on which (a) all of the conditions to the occurrence of the Effective Date specified in Article XI.A hereof have been satisfied or waived in accordance with Article XI.B hereof and (b) no stay of the Confirmation Order is in effect.

51. *Entity*: means an "entity" as such term is defined in section 101(15) of the Bankruptcy Code.

52. *Equity Interest*: means any "equity security" (as such term is defined in section 101(16) of the Bankruptcy Code), including, without limitation, any issued or unissued capital stock, common units, membership units, preferred units, or other equity, ownership or profits interests, whether or not transferable, and any option, warrant, or right, contractual or otherwise, to acquire any equity, ownership or profits interests (including any stock-based performance award, incentive stock option, restricted stock, restricted stock unit, stock appreciation right, dividend equivalent, or other stock based award).

53. *Equity Release Consent Notice*: means the notice distributed to holders of NGR Holding Equity Interests that provides the holder the option to not grant the voluntary releases provided for in Article VII.F of the Plan.

54. *Estate*: means the estate of any Debtor created in the applicable Debtor's Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

55. *Exchange Act*: means the Securities Exchange Act of 1934, as amended.

56. *Exculpated Parties*: means (i) each Debtor, (ii) each member of the Creditors' Committee in their capacity as such, (iii) each member of the Ad Hoc Committee, and (iii) the current and former officers, directors, managers, professionals, advisors, accountants, attorneys, investment bankers, consultants, employees, agents and other representatives of the Debtors, any Creditor Committee and the Ad Hoc Committee.

57. *Executory Contract*: means an executory contract or unexpired lease to which one or more Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

58. *Existing Benefits Agreement*: means all employment, retirement, severance, indemnification, and similar or related agreements, arrangements, and policies with the members of the Debtors' management team or directors as of the Petition Date.

59. *Fee Claim*: means a Claim for Accrued Professional Compensation.

60. *Final Order*: means an order or judgment of the Court which has not been modified, amended, reversed, vacated, or stayed, and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or motion for new trial, stay, reargument, or rehearing shall then be pending or (ii) if an appeal, writ of certiorari, new trial, stay, reargument, or rehearing thereof has been sought, such order or judgment of the Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing shall have expired, as a result of which such order shall have become final in accordance with Bankruptcy Rule 8002; provided, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order, shall not cause an order not to be a Final Order.

61. *General Unsecured Claim*: means any Claim other than: (a) Secured Claims, Other Secured Claims, and Second Lien Notes Secured Claims; (b) Administrative Claims; (c) Fee Claims; (d) Priority Tax Claims; (e) Other Priority Claims; (f) Intercompany Claims; (g) NGR Equity Interests; (h) Subordinated PIK Notes Claims; and (i) U.S. Trustee Fees, and shall not include Claims that are Disallowed or released, whether by operation of law or pursuant to order of the Bankruptcy Court, written release or settlement, the provisions of this Plan or otherwise.

62. *General Unsecured Creditor Recovery Fund*: means $10 million in cash, less all amounts paid by the Debtors pursuant to the Royalty and Critical Trade Motion by the Confirmation Date.

63. *Governmental Unit*: has the meaning set forth in section 101(27) of the Bankruptcy Code.

64. *Impaired*: means, when used with respect to Claims or Equity Interests, Claims or Equity Interests that are "impaired" within the meaning of section 1124 of the Bankruptcy Code.

65. *Indenture Trustees*: means the Second Lien Notes Indenture Trustee and the Subordinated PIK Notes Indenture Trustee, in their respective capacity as such.

66. *Insured Claim*: means any Claim or portion of a Claim that is, or may be, insured under any of the Debtors' insurance policies.

67. *Intercompany Claims*: means any Claim held by any Debtor against any other Debtor.

68. *Intercompany Interests*: means any Equity Interest held by any Debtor in any other Debtor.

69. *Lien*: has the meaning set forth in section 101(37) of the Bankruptcy Code.

70. *New Board*: means the board of directors or managers of Reorganized NGR Holding and Reorganized New Gulf to be constituted as of the Effective Date pursuant to Article V.B.

71. *New Common Units*: means the limited liability company interests of Reorganized NGR Holding or Reorganized New Gulf, as determined by the Requisite Supporting Noteholders, and shall be as set forth in the Plan Supplement.

72. *New Equity Interests*: means one or more forms of Equity Interests in either (i) Reorganized NGR Holding, or (ii) Reorganized NGR Holding and Reorganized New Gulf (as shall be determined by the Requisite Supporting Noteholders and as shall be set forth in the Plan Supplement), in each case, as issued on the Effective Date pursuant to the Plan and all of which shall be deemed validly issued, fully paid and non-assessable.

73. *New First Lien Notes*: means the new 10%/12.5% Senior Secured Convertible PIK Toggle Notes that will be issued by Reorganized New Gulf on the Effective Date, on the terms set forth in the New First Lien Notes Documents, which notes shall be in the original aggregate principal amount equal to the sum of (i) the principal amount of the DIP Exchange Notes, and (ii) $55,000,000, and convertible into New Common Units, in each case, in accordance with and subject to the terms and conditions of the Backstop Agreement and this Plan.

74. *New First Lien Notes Documents*: means, collectively, the New First Lien Notes, the New First Lien Notes Indenture and each other agreement, security agreement, pledge agreement, collateral assignments, mortgages, control agreements, guarantee, certificate, document or instrument executed and/or delivered in connection with any of the foregoing, whether or not specifically mentioned herein or therein, as the same may be modified, supplemented or replaced from time to time in accordance with the terms of the Restructuring Support Agreement, and which shall be in form and substance consistent with the Restructuring Support Agreement and the Backstop Agreement and otherwise satisfactory to the Requisite Supporting Noteholders.

75. *New First Lien Notes Indenture*: means the indenture, to be effective as of the Effective Date, that will govern the New First Lien Notes, which shall be in form and substance consistent with the Restructuring Support Agreement and the Backstop Agreement and otherwise satisfactory to the Requisite Supporting Noteholders, and a draft form of which shall be included in the Plan Supplement.

76. *NGR Holding*: means NGR Holding Company LLC, a Delaware limited liability company, which is treated as a corporation for U.S. federal income tax purposes.

77. *NGR Holding Equity Interest*: means any Equity Interest in NGR Holding.

78. *Organizational Documents*: means the limited liability or corporate organizational documents of each of the Reorganized Debtors, including, without limitation, any charter, bylaws, certificates of incorporation, certificates of formation, shareholder agreements, limited liability company agreements, voting agreements, each, as amended, amended and restated or otherwise, in each case, as shall be determined by the Requisite Supporting Noteholders, as shall be set forth in the Plan Supplement and as shall be in form and substance satisfactory to the Debtors and the Requisite Supporting Noteholders.

79. *Notice and Claims Agent*: means Prime Clerk LLC.

80. *Other Priority Claim*: means a Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than (i) an Administrative Claim, or (ii) a Priority Tax Claim.

81. *Other Secured Claim*: means any Claim that is Secured by operation of statute or otherwise, other than the DIP Loan Claims and the Second Lien Note Claims; provided, that any secured tax claim of a Governmental Unit shall be considered Other Secured Claims.

82. *Person*: means any individual, corporation, partnership, limited liability company, association, indenture trustee, organization, joint stock company, joint venture, estate, trust, Governmental Unit or any political subdivision thereof, or any other Entity.

83. *Petition Date*: means the date on which the Debtors commenced the Chapter 11 Cases.

84. *Plan*: means this *Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, together with all addenda, exhibits, schedules, or other attachments, if any, including the Plan Supplement, each of which is incorporated herein by reference, and as the same may be amended, modified, or supplemented from time to time in accordance with the terms herein and in the Restructuring Support Agreement, as applicable.

85. *Plan Supplement*: means the compilation of the draft forms of documents, schedules, and exhibits to the Plan to be filed with the Court on notice to parties-in-interest, including, but not limited to, the following, each of which must be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Requisite Supporting Noteholders: (i) the Reorganized NGR Holding LLC Agreement; (ii) the Organizational Documents, (iii) the Reorganized NGR Holding Management Incentive Plan; (iv) the Schedule of Rejected Executory Contracts and Unexpired Leases; and (v) the New First Lien Notes Indenture. The Debtors shall file draft forms of the materials comprising the Plan Supplement no later than the Plan Supplement Filing Date.

86. *Plan Supplement Filing Date*: means the date that is five calendar days prior to the deadline to object to the confirmation of the Plan.

87. *Prepetition First Lien Agent*: means MidFirst Bank, a federally chartered savings association, in its capacity as administrative agent under the Prepetition First Lien Credit Agreement.

88. *Prepetition First Lien Credit Agreement*: means that certain Credit Agreement dated as of June 12, 2014 among New Gulf Resources, LLC, as Borrower, MidFirst Bank, as Administrative Agent and L/C Issuer, and the other Persons party thereto as "Lenders" thereunder, together with all amendments, supplements or other modifications thereto.

89. *Prepetition First Lien Lenders*: means the holders of notes and claims under the Prepetition First Lien Credit Agreement.

90. *Prepetition Reorganization*: means the series of transactions pursuant to which, among other things, NGR Holdings, an entity classified as an association taxable as a corporation for U.S. federal income tax purposes, has become the parent entity of New Gulf through a merger transaction and NGR Holdings guaranteed the Second Lien Notes, as required under the Second Lien Note Indenture.

91. *Priority Tax Claim*: means any Claim of a governmental unit (as defined in section 101(27) of the Bankruptcy Code) that is entitled to priority in right of payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

92. *Pro Rata*: means, with respect to (i) any Claim, the proportion that the amount of such Claim bears to the aggregate amount of all Claims (including Disputed Claims) in the applicable Class or group of Classes, unless the Plan provides otherwise, and (ii) any Equity Interest, the proportion that the amount of such Equity Interest bears to the aggregate amount of all Equity Interests (including Disputed Equity Interests) in the applicable Class or group of Classes, unless the Plan provides otherwise.

93. *Professional*: means any professional employed or retained in the Chapter 11 Cases by Final Order of the Court pursuant to sections 327 or 328 of the Bankruptcy Code.

94. *Proof of Claim*: means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

95. *Put Option Notes*: has the meaning set forth in Article IV.D. hereof.

96. *Reinstated*: means, with respect to an Allowed Claim, (i) in accordance with section 1124(1) of the Bankruptcy Code, being treated such that the legal, equitable, and contractual rights to which such Claim entitles its holder are left unaltered, or (ii) if applicable under section 1124 of the Bankruptcy Code: (a) having all prepetition and postpetition defaults with respect thereto other than defaults relating to the insolvency or financial condition of the Debtors or their status as debtors under the Bankruptcy Code cured,

(b) having its maturity date reinstated, (c) compensating the holder of such Claim for damages incurred as a result of its reasonable reliance on a provision allowing the Claim's acceleration, and (d) not otherwise altering the legal, equitable and contractual rights to which the Claim entitles the holder thereof.

97. *Rejection Damage Claims*: means Claims for damages, which shall be General Unsecured Claims, arising from the rejection of Executory Contracts pursuant to the Bankruptcy Code and applicable law.

98. *Released Parties*: means each of: (a) the Debtors and Reorganized Debtors; (b) the DIP Agent; (c) the DIP Lenders; (d) the Ad Hoc Committee; (e) the RSA Parties; (f) the Indenture Trustees; (g) the Prepetition First Lien Agent and Lenders; (h) the holders of Second Lien Notes; (i) the holders of Subordinated PIK Notes; (j) the holders of NGR Holding Equity Interests; (k) the Backstop Parties and (l) with respect to each of the foregoing Entities in clauses (a) through (k), such Entity's predecessors, successors and assigns, affiliates, subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, Professionals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities in clauses (a) through (k), each solely in their capacity as such); *provided however*, that the Released Parties shall not include (x) any Person that receives and returns a Ballot or confirmation notice, as the case may be, indicating that such Person elects to opt out of the Plan releases provided for in Article VIII of the Plan, or (y) to the extent the Bankruptcy Court renders a judgment or determination that such opt-out mechanism is invalid, any Person to whom the opt-election was determined to be invalid and who fails to provide a written consensual release in favor of all the Released Parties that is identical in substance to the releases set forth herein.

99. *Releasing Parties*: means each of: (a) the Debtors and Reorganized Debtors; (b) the DIP Agent; (c) the DIP Lenders; (d) the Ad Hoc Committee; (e) the RSA Parties; (f) the Indenture Trustees; (g) the Prepetition First Lien Agent and Lenders; (h) the holders of Second Lien Notes; (i) the holders of Subordinated PIK Notes; (j) the holders of NGR Holding Equity Interests; (k) the Backstop Parties; and (l)with respect to each of the foregoing Entities in clauses (a) through (k), such Entity's predecessors, successors and assigns, affiliates, subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (with respect to each of the foregoing Entities in clauses (a) through (k), each solely in their capacity as such); *provided however*, that the Releasing Parties shall not include (x) any Person that receives and returns a Ballot or confirmation notice, as the case may be, indicating that such Person elects to opt out of the Plan releases provided for in Article VIII of the Plan, or (y) to the extent the Bankruptcy Court renders a judgment or determination that such opt-out mechanism is invalid, any Person to whom the opt-election was determined to be invalid and who fails to provide a written consensual release in favor of all the Released Parties that is identical in substance to the releases set forth herein.

100. *Reorganized Debtors*: means, collectively, each of the Debtors, or any successor thereto by merger, consolidation, or otherwise, on and after the Effective Date, as reorganized under and pursuant to the Plan.

101. *Reorganized New Gulf*: means New Gulf Resources, LLC, on and after the Effective Date, as reorganized under and pursuant to the Plan, and which shall be owned, in whole or in part, by Reorganized NGR Holding and shall be treated as a partnership or disregarded entity for U.S. federal income tax purposes.

102. *Reorganized NGR Holding*: means NGR Holding, on and after the Effective Date, as reorganized pursuant to and under the Plan, and which shall be a parent of the Reorganized Debtors and which shall be treated as a corporation for U.S. federal income tax purposes.

103. *Reorganized NGR Holding LLC Agreement*: means the limited liability company agreement of Reorganized NGR Holding, which shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Requisite Supporting Noteholders in all respects, and the draft form of which shall be included in the Plan Supplement.

104. *Reorganized NGR Holding Management Incentive Plan*: means that certain management incentive plan described in Article V.C hereof.

105. *Requisite Supporting Noteholders*: has the meaning given in the Restructuring Support Agreement.

106. *Restructuring Expenses*: means the fees and expenses incurred in connection with the Chapter 11 Cases, as well as the funding of obligations necessary to implement the Plan, including, but not limited to, any costs or reserves associated with the New First Lien Notes, the fees due and owing to the U.S. Trustee and the fees and expenses of Professionals and the Ad Hoc Committee.

107. *Restructuring Support Agreement*: means the Restructuring Support Agreement, and all exhibits and schedules attached thereto, dated as of December 15, 2015, among the signatories thereto, as it may be amended, modified or supplemented by the parties thereto in accordance with the terms of such Restructuring Support Agreement, a copy of which Restructuring Support Agreement is attached to the Disclosure Statement as Exhibit [•], so long as such agreement is in full force and effect.

108. *Restructuring Transactions*: means a description of the material terms of certain of the restructuring transactions to be implemented in connection with the Plan, as shall be set forth in the Plan Supplement and which shall be in form and substance satisfactory to the Requisite Supporting Noteholders.

109. *Rights*: means the non-transferable, non-certificated rights distributed to Rights Offering Participants to purchase New First Lien Notes in connection with the Rights Offering, the Plan, the Backstop Agreement and the Rights Offering Procedures.

110. *Rights Offering*: means the offering of Rights to be conducted by New Gulf to Rights Offering Participants to purchase, on the Effective Date, New First Lien Notes in an aggregate principal amount up to the Rights Offering Amount, all in accordance with the terms of this Plan, the Backstop Agreement and the Rights Offering Procedures.

111. *Rights Offering Amount*: means $50,000,000.

112. *Rights Offering Participants*: means eligible holders of Second Lien Notes Claims as of the Rights Offering Record Date and that vote to accept the Plan and do not opt out of the Releases set forth in the Plan.

113. *Rights Offering Procedures*: means the procedures for conducting the Rights Offering, including the exhibits and annexes thereto, and all amendments, supplements, changes, and modifications thereto, all of which must be satisfactory to the Debtors and the Requisite Supporting Noteholders.

114. *Rights Offering Record Date*: means the record date established to determine the holders of Second Lien Notes Claims that are entitled to receive Rights and participate in the Rights Offering, such date to be set forth in, or determined pursuant to, the Rights Offering Procedures and acceptable to the Requisite Supporting Noteholders.

115. *Royalty and Critical Trade Motion*: means the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Pay or Honor Prepetition and Post-Petition (A) Obligations to Holders of Royalty Interests and Working Interests and (B) Lease Operating Expenses; and (II) Granting Related Relief, and which shall be in form and substance, and in amounts, satisfactory to the Requisite Supporting Noteholders.

116. *RSA Parties*: has the meaning given in the Restructuring Support Agreement.

117. *Schedule of Rejected Executory Contracts*: means the schedule of Executory Contracts to be rejected by the Debtors pursuant to the Plan in the form filed with the Bankruptcy Court as part of the Plan Supplement, which schedule shall be satisfactory in form and substance to the Requisite Supporting Noteholders (including with respect to any amendment, modification or supplement thereof).

118. *Schedules*: means the schedules of assets and liabilities, statements of financial affairs, and lists of holders of Claims against the Debtors and Equity Interests, filed with the Court by the Debtors, including any amendments or supplements thereto.

119. *Second Lien Notes*: means the 11.75% Senior Secured Notes due 2019 issued pursuant to the Second Lien Notes Indenture.

120. *Second Lien Notes Claims*: means any and all Claims evidenced by, derived from, based upon, relating to, or arising under the Second Lien Notes and the Second Lien Notes Indenture, including, without limitation, all accrued but unpaid principal, interest, premiums (including the Applicable Premium, as defined therein), fees, costs, expenses, indemnities and other charges thereunder.

121. *Second Lien Notes Indenture*: means that certain Indenture dated May 9, 2014, between New Gulf Resources, LLC, as the Company, NGR Finance Corp., as the Co-Issuer, the guarantors, and the Bank of New York Mellon Trust Company, N.A., as Trustee and Collateral Agent, as amended, supplemented, or modified from time to time prior to the Petition Date, pursuant to which the Second Lien Notes were issued.

122. *Second Lien Notes Indenture Trustee*: means the Bank of New York Mellon Trust Company, N.A., as trustee for the Second Lien Notes.

123. *Second Lien Notes Secured Claims*: means any and all Second Lien Notes Claims that are Secured.

124. *Section 510 Claims*: means any (A) any Claim subject to subordination pursuant to section 510(c) of the Bankruptcy Code, or (B) any Claim, whether or not the subject of an existing lawsuit: (a) arising from rescission of a purchase or sale of any securities of any Debtor or an affiliate of any Debtor; (b) for damages arising from the purchase or sale of any such security; (c) for violations of the securities laws, misrepresentations, or any similar Claims, including, to the extent related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, any attorneys' fees, other charges, or costs incurred on account of the foregoing Claims; or (d) for reimbursement, contribution, or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim.

125. *Secured*: means when referring to a Claim: (i) secured by a Lien on property in which any of the Estates has an interest, which Lien is valid, perfected, and enforceable as of the Confirmation Date pursuant to applicable law or by reason of a Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) and 1111(b) of the Bankruptcy Code or (ii) otherwise Allowed pursuant to the Plan as a Claim that is Secured.

126. *Securities Act*: means the Securities Act of 1933, as amended.

127. *Solicitation Parties*: means each of the following in its capacity as such: (i) the Debtors and the Reorganized Debtors, (ii) the officers, directors, managers, and employees of the Debtors, (iii) the Professionals of the Debtors, and (iv) the RSA Parties, and (v) the Backstop Parties.

128. *Solicitation Procedures*: means the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan.

129. *Subordinated PIK Notes*: means the 10.0%/12.0% Senior Subordinated PIK Toggle Notes due 2019 issued pursuant to the Subordinated PIK Notes Indenture.

130. *Subordinated PIK Notes Claims*: means the Claims evidenced by, derived from, based upon, relating to, or arising from, the Subordinated PIK Notes.

131. *Subordinated PIK Notes Indenture*: means that certain Indenture dated May 9, 2014 between New Gulf Resources, LLC, as the Company, NGR Finance Corp., as the Co-Issuer, the guarantors, and the Bank of New York Mellon Trust Company, N.A., as Trustee, pursuant to which the Subordinated PIK Notes were issued.

132. *Subordinated PIK Notes Indenture Trustee*: means the Bank of New York Mellon Trust Company, N.A., as trustee for the Subordinated PIK Notes.

133. *Transaction Expenses*: means the reasonable and documented fees and expenses of each member of the Ad Hoc Committee (including all Noteholder Fees and Expenses (as defined in the Restructuring Support Agreement)) and the Backstop Parties (including all Transaction Expenses (as defined in the Backstop Agreement)), including, without limitation, the fees and expenses of (i) Stroock & Stroock & Lavan LLP ("Stroock"), (ii) Richards, Layton & Finger, PA, (iii) Haynes and Boone, LLP, (iv) PJT Partners LP, (v) DeGolyer and MacNaughton Canada Limited, and (vi) such other engineers and/or consultants as may be retained by the Ad Hoc Committee with the consent of the Debtors, such consent not to be unreasonably withheld or delayed

134. *Unimpaired*: means any Class of Claims or Equity Interests that is not Impaired under the Plan.

135. *U.S. Trustee*: means the United States Trustee for the District of Delaware.

136. *Voting Deadline*: has the meaning given in the Disclosure Statement Order.

137. *Voting Record Date*: has the meaning given in the Disclosure Statement Order.

B. Interpretation, Application of Definitions, and Rules of Construction.

Except as expressly provided herein, each capitalized term used in the Plan shall either have (i) the meaning ascribed to such term in Article I or (ii) if such term is not defined in Article I, but such term is defined in the Bankruptcy Code or Bankruptcy Rules, the meaning ascribed to such term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be. Meanings of capitalized terms shall be equally applicable to both the singular and plural forms of such terms. The words "herein," "hereof," and "hereunder" and other words of similar import refer to the Plan as a whole (and, for the avoidance of doubt, the Plan Supplement) and not to any particular section or subsection in the Plan unless expressly provided otherwise. The words "includes" and "including" are not limiting and mean that the things specifically identified are set forth for purposes of illustration, clarity or specificity and do not in any respect qualify, characterize or limit the generality of the class within which such things are included. Captions and headings to articles, sections and exhibits are inserted for convenience of reference only, are not a part of this Plan, and shall not be used to interpret this Plan. The rules of construction set forth in section 102 of the Bankruptcy Code shall apply to this Plan.

C. Computation of Time.

Except as otherwise specifically provided in the Plan, in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE II.
ADMINISTRATIVE CLAIMS, DIP LOAN CLAIMS, FEE CLAIMS, AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Fee Claims, DIP Loan Claims, and Priority Tax Claims, each as described below, have not been classified and thus are excluded from the classes of Claims and Equity Interests set forth in Article III.

A. Administrative Claims (Other Than Fee Claims).

Each holder of an Administrative Claim, other than the holder of:

(i) a DIP Claim;

(ii) a Fee Claim;

(iii) an Administrative Claim that has been Allowed on or before the Effective Date;

(iv) an Administrative Claim of a governmental unit (as defined in section 101 (27) of the Bankruptcy Code) not required to be filed pursuant to section 503(b)(1)(D) of the Bankruptcy Code;

(v) an Administrative Claim on account of fees and expenses incurred on or after the Petition Date by ordinary course professionals retained by the Debtors pursuant to an order of the Bankruptcy Court; or

(vi) an Administrative Claim arising, in the ordinary course of business, out of the employment by one or more Debtors of an individual from and after the Petition Date, but only to the extent that such Administrative Claim is solely for outstanding wages, commissions, or reimbursement of business expenses;

must file with the Bankruptcy Court and serve on the Debtors or Reorganized Debtors (as the case may be), the Claims Agent, and the Office of the U.S. Trustee, proof of such Administrative Claim within thirty (30) calendar days after the Effective Date (the "Administrative Bar Date"). Such proof of Administrative Expense Claim must include at a minimum: (i) the name of the applicable Debtor that is purported to be liable for the Administrative Claim and if the Administrative Claim is asserted against more than one Debtor, the exact amount asserted to be owed by each such Debtor; (ii) the name of the holder of the Administrative Claim; (iii) the amount of the Administrative Claim; (iv) the basis of the Administrative Claim; and (v) supporting documentation for the Administrative Claim. For the avoidance of doubt, any deadline for filing Administrative Claims shall not apply to fees payable pursuant to section 1930

of title 28 of the United States Code. FAILURE TO FILE AND SERVE SUCH PROOF OF ADMINISTRATIVE CLAIM TIMELY AND PROPERLY SHALL RESULT IN THE ADMINISTRATIVE CLAIM BEING FOREVER BARRED AND DISCHARGED WITHOUT THE NEED FOR FURTHER ACTION, ORDER OR APPROVAL OF OR NOTICE TO THE BANKRUPTCY COURT.

Each holder of an Allowed Administrative Claim (other than an Administrative Claim that is a Fee Claim or DIP Loan Claim) as of the Effective Date shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Administrative Claim, (i) Cash in an amount equal to the amount of such Allowed Administrative Claim as soon as reasonably practicable after either (a) the Effective Date, if such Administrative Claim is Allowed as of the Effective Date, (b) thirty days after the date such Administrative Claim becomes an Allowed Administrative Claim, if such Administrative Claim is Disputed as of, or following, the Effective Date, or (c) the date such Allowed Administrative Claim becomes due and payable in the ordinary course of business in accordance with the terms, and subject to the conditions, of any agreements governing, instruments evidencing, or other documents relating to, the applicable transaction giving rise to such Allowed Administrative Claim, if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business; or (ii) such other treatment as the Debtors or the Reorganized Debtors, the Requisite Supporting Noteholders and such holder shall have agreed in writing.

All Transaction Expenses shall be paid in full in Cash on the Effective Date (to the extent not previously paid during the course of the Chapter 11 Cases) without the requirement to file a fee application with the Bankruptcy Court or a formal request for payment prior to the Claims Bar Date, and without any requirement for Bankruptcy Court review or approval.

B. DIP Loan Claims.

1. *Allowance*. All DIP Loan Claims are Allowed Claims in the full amount due and owing under the DIP Credit Agreement.

2. *DIP Exchange Notes*. On the Effective Date, subject to the satisfaction or waiver of all conditions precedent to effectiveness herein, (i) the DIP Lenders will surrender all claims for payment of principal of the DIP Loans as of the Effective Date in exchange for New First Lien Notes in an aggregate principal amount equal to the aggregate principal amount of the DIP Loans as of the Effective Date, in full satisfaction of the principal portion of the DIP Loan Claims (ii) the balance of the DIP Loan Claims, including accrued unpaid interest and any other amounts due under the DIP Credit Agreement, will be satisfied in cash, and (iii) in consideration for the Debtors' right to require the DIP Lenders to surrender all claims for payment of the principal portion of the DIP Loans in exchange for DIP Exchange Notes as set forth above, the DIP Lenders will receive their respective *pro rata* shares of an additional amount of New First Lien Notes in an aggregate principal amount equal to $5,250,000.

3. *Lien Termination*. Upon the issuance of DIP Exchange Notes in exchange for the principal portion of the Allowed DIP Loan Claims and payment of the balance of the DIP Loan Claims in cash as provided herein, all Liens and security interests granted pursuant to the

DIP Loan Documents, whether in the Chapter 11 Cases or otherwise, shall be deemed automatically terminated without any further action required and shall be of no further force or effect.

4. *DIP Lenders' Professional Fees*. To the extent not previously paid, on the Effective Date, the Debtors will pay all of the fees and expenses incurred by the DIP Agent and the DIP Lenders, including the fees and expenses of (a) Stroock, (b) Richards, Layton & Finger, PA, (c) PJT Partners LP, (d) DeGolyer and MacNaughton Canada Limited, (e) Haynes and Boone, LLP, and (f) such other engineers and/or consultants retained by the DIP Lenders with the consent of the Debtors, such consent not to be unreasonably withheld, delayed or conditioned.

C. Fee Claims.

1. *Final Fee Applications*. The Bankruptcy Court shall determine the Allowed amounts of Fee Claims after notice and a hearing in accordance with the procedures established by the Bankruptcy Court. The Reorganized Debtors shall pay Fee Claims in Cash in the amount Allowed by Final Order of the Bankruptcy Court. All requests for compensation or reimbursement of Fee Claims shall be filed and served on the Reorganized Debtors, counsel to the Reorganized Debtors, the U.S. Trustee, counsel to the Ad Hoc Committee, and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order, or other order of the Court, no later than sixty (60) calendar days after the Effective Date, unless otherwise agreed by the Debtors with the consent of the Requisite Supporting Noteholders. Holders of Fee Claims that are required to file and serve applications for final allowance of their Fee Claims that do not file and serve such applications by the required deadline shall be forever barred from asserting such Claims against the Debtors, Reorganized Debtors, or their respective properties and affiliates, and such Fee Claims shall be deemed discharged as of the Effective Date. Objections to any Fee Claims must be filed and served on the Reorganized Debtors, counsel to the Reorganized Debtors, counsel to the Ad Hoc Committee, and the requesting party no later than twenty-one (21) calendar days after the filing of the final applications for compensation or reimbursement (unless otherwise agreed by the party requesting compensation of a Fee Claim).

2. *Post-Effective Date Fees and Expenses*. The Reorganized Debtors shall pay in Cash the reasonable legal, professional, or other fees and expenses incurred by the Debtors' Professionals on and after the Effective Date, in the ordinary course of business, and without any further notice to or action, order, or approval of the Court. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and Professionals may be employed by the Reorganized Debtors and paid in the ordinary course of business without any further notice to, or action, order, or approval of, the Court.

D. Priority Tax Claims.

Each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, as determined by the applicable Debtor (with the consent of the Requisite Supporting Noteholders), in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Priority Tax Claim (i) payment in full in Cash, payable in

equal Cash installments made on a quarterly basis in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, over a period not to exceed five years following the Petition Date, plus statutory interest on any outstanding balance from the Effective Date, calculated at the prevailing rate under applicable nonbankruptcy law for each taxing authority and to the extent provided for by section 511 of the Bankruptcy Code, and in a manner not less favorable than the most favored nonpriority General Unsecured Claim provided for by the Plan (other than cash payments made to a class of creditors pursuant to section 1122(b) of the Bankruptcy Code); or (ii) such other treatment as may be agreed upon by such holder, the Debtors and the Requisite Supporting Noteholders or otherwise determined upon a Final Order of the Court.

E. U.S. Trustee Fees.

Notwithstanding anything to the contrary contained herein, on the Effective Date, the Debtors shall pay, in full, in Cash, any fees due and owing to the U.S. Trustee at the time of Confirmation. On and after the Effective Date, the Reorganized Debtors shall be responsible for filing required post-confirmation reports and paying quarterly fees due to the U.S. Trustee for the Reorganized Debtors until the entry of a final decree in the Chapter 11 Cases or until the Chapter 11 Cases are converted or dismissed.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Classification of Claims and Equity Interests.

Except for those Claims addressed in Article II, all Claims and Equity Interests are placed in the Classes set forth below. A Claim or Equity Interest is placed in a particular Class solely to the extent that the Claim or Equity Interest falls within the description of that Class, and the portion of a Claim or Equity Interest which does not fall within such description shall be classified in another Class or Classes to the extent that such portion falls within the description of such other Class or Classes. A Claim is also placed in a particular Class for the purpose of voting, confirmation, and receiving distributions pursuant to the Plan solely to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled before the Effective Date.

All Claims against and Equity Interests in a particular Debtor are placed in classes for each of the Debtors (as designated by subclasses a through d for each of the four Debtors). Specifically, such subclasses represent Claims against and Equity Interests in the Debtors as follows: NGR Holding Company LLC (subclass a), New Gulf Resources, LLC (subclass b); NGR Finance Corp. (subclass c), and NGR Texas (subclass d).

B. Distribution Record Date.

As of the close of business on the Distribution Record Date, the claims register shall be closed, and there shall be no further changes in the record holders of any Claims against the Debtors or Equity Interests. The Reorganized Debtors shall have no obligation to, but may, with the consent of the Requisite Supporting Noteholders, recognize any transfer of any Claims against the Debtors occurring after the Distribution Record Date. The Reorganized Debtors shall

instead be entitled to recognize and deal for purposes under the Plan with only those record holders stated on the claims register as of the close of business on the Distribution Record Date.

C. Summary of Classification and Class Identification.

Below is a chart identifying Classes of Claims against and Equity Interests in each Debtor, a description of whether each Class is Impaired or Unimpaired, and each Class's voting rights with respect to the Plan.

Class	Claim or Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	Second Lien Notes Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired / Unimpaired[2]	Deemed to Accept / Entitled to Vote
5	Subordinated PIK Note Claims	Impaired	Entitled to Vote
6	Section 510 Claims	Impaired	Deemed to Reject
7	Intercompany Claims	Unimpaired	Deemed to Accept
8	Intercompany Interests	Unimpaired	Deemed to Accept
9	NGR Holding Equity Interests	Impaired	Deemed to Reject

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied, for the purposes of Confirmation, by acceptance of the Plan by an Impaired Class of Claims against each such Debtor; provided, however, that in the event no holder of a Claim with respect to a specific voting Class timely submits a Ballot indicating acceptance or rejection of the Plan, such Class will be deemed to have accepted the Plan. The Debtors hereby request that the Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Equity Interests.

D. Treatment of Classified Claims and Equity Interests.

1. *Class 1 - Other Priority Claims (Subclasses 1a-1d).*

(a) *Classification*: Class 1 consists of Other Priority Claims.

(b) *Treatment*: Except to the extent that a holder of an Allowed Other Priority Claim and the Debtors (with the consent of the Requisite Supporting Noteholders) agree in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Other Priority Claim, each holder of an Allowed Other Priority Claim shall receive (i) payment in Cash in an amount equal to such Allowed Other Priority Claim as soon as practicable after the later of (a) the Effective Date and (b) thirty days

[2] At or prior to the hearing on the Disclosure Statement, the treatment of Class 4 will vary depending on the election set forth in more detail in Article III.D.4.

after the date when such Other Priority Claim becomes an Allowed Other Priority Claim or (ii) such other treatment, as determined by the Debtors (with the prior written consent of the Requisite Supporting Noteholders), that will render it Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) *Voting*: Class 1 is Unimpaired by the Plan, and each holder of a Class 1 Other Priority Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 1 Other Priority Claims are not entitled to vote to accept or reject the Plan.

2. *Class 2 - Other Secured Claims (Subclasses 2a-2d).*

(a) *Classification*: Class 2 consists of Other Secured Claims.

(b) *Treatment*: Except to the extent that a holder of an Allowed Other Secured Claim and the Debtors (with the prior written consent of the Requisite Supporting Noteholders) agree in writing to less favorable treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for such Other Secured Claim, each holder of an Allowed Other Secured Claim shall, as determined by the Debtors (with the prior written consent of the Requisite Supporting Noteholders), receive (i) Cash in an amount equal to such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim, if such interest is required to be paid pursuant to sections 506(b) and/or 1129(a)(9) of the Bankruptcy Code, as soon as practicable after the later of (a) the Effective Date, and (b) thirty days after the date such Other Secured Claim becomes an Allowed Other Secured Claim, (ii) the Collateral securing its Allowed Other Secured Claim as soon as practicable after the later of (a) the Effective Date and (b) thirty days after the date such Other Secured Claim becomes an Allowed Other Secured Claim, or (iii) such other treatment, as determined by the Debtors (with the prior written consent of the Requisite Supporting Noteholders) that will render it Unimpaired pursuant to section 1124 of the Bankruptcy Code.

(c) *Voting*: Class 2 is Unimpaired by the Plan, and each holder of a Class 2 Other Secured Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 2 Other Secured Claims are not entitled to vote to accept or reject the Plan.

3. *Class 3 - Second Lien Notes Claims (Subclasses 3a-3d).*

(a) *Classification*: Class 3 consists of Second Lien Notes Claims.

(b) *Allowance*: The Second Lien Notes Claims shall be deemed Allowed in the aggregate principal amount of at least approximately $365 million, *plus* the Applicable Premium (as referred to in the Second Lien Note Indenture) in the amount of not less than $63 million, *plus* accrued but unpaid interest, *plus* any other amounts due under the Second Lien Notes Indenture, including, without limitation, all unpaid principal, interest (including at the default rate), premiums, any reimbursement obligations (contingent or otherwise), any fees, expenses and disbursements (including, without limitation, attorneys' fees, financial advisors' fees, related expenses and disbursements), indemnification obligations, any other charges, amounts and costs of whatever nature owing, whether or not contingent, whenever arising,

accrued, accruing, due, owing or chargeable in respect thereof, including all "Guaranteed Obligations" as defined in the Second Lien Note Indenture.

(c) *Treatment*: In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Second Lien Notes Claim, each holder of an Allowed Second Lien Notes Claim will be entitled to receive its Pro Rata share of:

(i) on the Effective Date, 87.5% of the New Equity Interests that are issued and outstanding as of the Effective Date (subject to dilution by the Dilution Events);

(ii) the Rights, subject to and in accordance with the Rights Offering Procedures; and

(iii) on the Effective Date, if and only if the class of Subordinated PIK Notes Claims does not vote to accept the Plan, an additional 7.5% of the New Equity Interests (subject to dilution by the Dilution Events).

(d) *Voting*: Class 3 is Impaired. Holders of Class 3 Second Lien Notes Claims are entitled to vote to accept or reject the Plan.

4. *Class 4 - General Unsecured Claims (Subclasses 4a-4d)*.

(a) *Classification*: Class 4 consists of General Unsecured Claims.

(b) *Treatment*: At or prior to the hearing on the Disclosure Statement, the Debtors and the Requisite Supporting Noteholders shall determine whether holders of General Unsecured Claims in Class 4 shall receive the treatment provided for in subsection (i) or (ii) of this paragraph below.

(i) In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Claim, on the Effective Date, each holder of an Allowed General Unsecured Claim shall, and only to the extent such holder's Allowed General Unsecured Claim was not previously paid, have its Allowed General Unsecured Claim Reinstated as an obligation of the applicable Reorganized Debtor, and be paid in accordance with its ordinary course terms.

(ii) In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Claim, as soon as practicable after the later of (a) the Effective Date, and (b) thirty days after the date such General Unsecured Claim becomes an Allowed Claim each holder of an Allowed General Unsecured Claim shall, and only to the extent such holder's Allowed General Unsecured Claim was not previously paid, receive its Pro Rata share of the General

Unsecured Creditor Recovery Fund; *provided, however*, that in no event shall such distribution be in excess of 100% of the amount of such holder's Allowed General Unsecured Claim.

(c) *Voting*: To the extent Class 4 receives treatment pursuant to subsection 4(b)(i) above, Class 4 is Unimpaired, and holders of Class 4 General Unsecured Claims are not entitled to vote to accept or reject the Plan. To the extent Class 4 receives treatment pursuant to subsection 4(b)(ii) above, Class 4 is Impaired, and holders of Class 4 General Unsecured Claims are entitled to vote to accept or reject the Plan

5. *Class 5 - Subordinated PIK Notes Claims (Subclasses 5a-5d)*.

(a) *Classification*: Class 5 consists of Subordinated PIK Notes Claims.

(b) *Treatment*: In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Subordinated PIK Notes Claim, on the Effective Date, each holder of an Allowed Subordinated PIK Notes Claim will be entitled to receive:

(i) if Class 5 votes to accept the Plan, its Pro Rata share of 12.5% of the New Equity Interests that are issued and outstanding as of the Effective Date (subject to dilution by the Dilution Events); or

(ii) if Class 5 does not vote to accept the Plan, its Pro Rata share of 5% of the New Equity Interests that are issued and outstanding as of the Effective Date (subject to dilution by the Dilution Events).

(c) *Voting*: Class 5 is Impaired. Holders of Class 5 Subordinated PIK Notes Claims are entitled to vote to accept or reject the Plan.

6. *Class 6 - Section 510 Claims (Subclasses 6a-6d)*.

(a) *Classification*: Class 6 consists of Section 510 Claims.

(b) *Treatment*: On the Effective Date, all Section 510 Claims shall be cancelled and discharged and shall be of no further force or effect, and holders of Section 510 Claims shall not receive or retain any property under the Plan on account of such Claims.

(c) *Voting*: Class 6 is Impaired. Holders of Class 6 Section 510 Claims are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, holders of Class 6 Section 510 Claims are not entitled to vote to accept or reject the Plan.

7. *Class 7 - Intercompany Claims (Subclass 7a-7d)*

(a) *Classification*: Class 7 consists of Intercompany Claims.

(b) *Treatment*: In full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Intercompany Claim, on the Effective Date, each Intercompany Claim shall be Reinstated. Subject to the Restructuring Transactions, on and after the Effective Date, the Reorganized Debtors will be permitted to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan.

(c) *Voting*: Class 7 is Unimpaired. Holders of Class 7 Intercompany Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 7 Intercompany Claims are not entitled to vote to accept or reject the Plan

8. *Class 8 - Intercompany Interests (Subclasses 8a-8d).*

(a) *Classification*: Class 8 consists of Intercompany Interests.

(b) *Treatment*: On the Effective Date, subject to the Restructuring Transactions, the Intercompany Interests shall be Reinstated.

(c) *Voting*: Class 8 is Unimpaired. Holders of Class 8 Intercompany Interests are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, holders of Class 8 Intercompany Interests are not entitled to vote to accept or reject the Plan.

9. *Class 9 - Prepetition Equity Interests (Subclasses 9a-9d).*

(a) *Classification*: Class 9 consists of NGR Holding Equity Interests.

(b) *Treatment*: On the Effective Date, NGR Holding Equity Interests shall be cancelled and discharged and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and holders of NGR Holding Equity Interests shall not receive or retain any property under the Plan on account of such NGR Holding Equity Interests.

(c) *Voting*: Class 9 is Impaired. Holders of Class 9 NGR Holding Equity Interests are conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, holders of Class 9 NGR Holding Equity Interests are not entitled to vote to accept or reject the Plan.

E. Special Provision Regarding Unimpaired and Reinstated Claims.

Nothing herein shall be deemed to affect, diminish, or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim or Unimpaired Claim, including, but not limited to, legal and equitable defenses to setoffs or recoupment against Reinstated Claims or Unimpaired Claims. Except as otherwise specifically provided in this Plan, nothing herein shall be deemed to be a waiver or relinquishment of any Claim, Cause of Action, right of setoff, or other legal or equitable defense which the Debtors had immediately prior to the Effective Date against, or with respect to, any Claim left Unimpaired or Reinstated by this Plan. Except as otherwise specifically provided in

this Plan, the Reorganized Debtors shall have, retain, reserve, and be entitled to assert, all such Claims, Causes of Action, rights of setoff, and other legal or equitable defenses which they had immediately prior to the Effective Date fully as if the Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights with respect to any Reinstated Claim or Claim left Unimpaired by this Plan may be asserted by the Reorganized Debtors after the Confirmation Date and the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

F. Voting of Claims.

Each holder of an Allowed Claim in an Impaired Class of Claims that is not deemed to have rejected the Plan, and that held such Claim as of the Voting Record Date, shall be entitled to vote to accept or reject the Plan. The instructions for completion of the Ballots are set forth in the instructions accompanying each Ballot. The Solicitation Procedures are described in the Disclosure Statement.

G. Nonconsensual Confirmation.

The Debtors intend to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that has not accepted or is deemed to have rejected the Plan pursuant to section 1126 of the Bankruptcy Code.

H. Elimination of Vacant Classes

Any Class of Claims or Equity Interests that does not have a holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Operations Between the Confirmation Date and Effective Date

During the period from the Confirmation Date through and until the Effective Date, the Debtors may continue to operate their businesses as debtors in possession, subject to all applicable orders of the Bankruptcy Court, the Bankruptcy Code, and any limitations set forth herein or in the Confirmation Order, the Restructuring Support Agreement, and the Backstop Agreement.

B. Issuance of New Equity Interests.

On the Effective Date, the applicable Reorganized Debtors are authorized to issue or cause to be issued the New Equity Interests in accordance with the terms of this Plan and the Organizational Documents, without the need for any further corporate or shareholder action. All of the New Equity Interests, issuable under the Plan, and all New Common Units (as defined in the Backstop Agreement issuable upon conversion of the New First Lien Notes that are issued

under the Plan or pursuant to the Backstop Agreement, when so issued, shall be duly authorized, validly issued, fully paid, and non-assessable, and not to have been issued in violation of any preemptive rights, rights of first refusal or similar rights or any applicable law.

Upon the Effective Date, (i) the New Equity Interests shall not be registered under the Securities Act, and shall not be listed for public trading on any securities exchange, and (ii) none of the Reorganized Debtors will be a reporting company under the Exchange Act. The distribution of New Equity Interests pursuant to the Plan may be made by delivery of one or more certificates representing such New Equity Interests as described herein, by means of book-entry registration on the books of the transfer agent for shares of New Equity Interests or by means of book-entry exchange through the facilities of a transfer agent satisfactory to the Debtors and the Requisite Supporting Noteholders in accordance with the customary practices of such agent, as and to the extent practicable.

C. New First Lien Notes.

On the Effective Date, the applicable Reorganized Debtors are authorized, without the need for any further corporate or limited liability company action, to enter into the New First Lien Notes Indenture, the other New First Lien Notes Documents and any ancillary documents necessary or appropriate to satisfy the conditions to effectiveness of the Plan and/or the Backstop Agreement that relate to the New First Lien Notes, and to issue the New First Lien Notes. The proceeds of the New First Lien Notes shall be used to pay the Restructuring Expenses and provide the Reorganized Debtors with working capital for their post-Effective Date operations and for other general corporate purposes. The indebtedness, liabilities and other obligations under the New First Lien Notes Documents shall be secured by first priority security interests in and Liens on all of the assets of the Reorganized Debtors, as set forth in and subject to the New First Lien Notes Documents.

In consideration for the Debtors' right to require the DIP Lenders to surrender all claims for payment of principal of the DIP Loans in exchange for DIP Exchange Notes as set forth above, the DIP Lenders will receive, on the Effective Date, their respective pro rata shares of an additional amount of New First Lien Notes in an aggregate principal amount equal to $5,250,000. The balance of the DIP Loan Claims, including accrued unpaid interest and any other amounts due under the DIP Credit Agreement, will be paid in cash. The remaining balance of the New First Lien Notes will be issued on the Effective Date in accordance with the Rights Offering, pursuant to the Backstop Agreement and the Plan.

D. Rights Offering.

Prior to the Effective Date, the Debtors shall conduct the Rights Offering in accordance with the Backstop Agreement Order and the Rights Offering Procedures. Rights Offering Participants shall have the right, subject to the terms of the Rights Offering Procedures and the Plan, to exercise Rights to purchase up to their Pro Rata share of $50 million of original principal amount of New First Lien Notes. Subject to the terms and conditions of the Backstop Agreement, the Backstop Parties shall backstop the full amount of the New First Lien Notes offered for sale in the Rights Offering (not to exceed the Rights Offering Amount) through the commitment to exercise the Rights issued to them in their capacity as Rights Offering

Participants and purchase all of the New First Lien Notes that are not subscribed for by other Rights Offering Participants in the Rights Offering.

In consideration for the right of New Gulf to call the commitments of the Backstop Parties under the Backstop Agreement to purchase all of the Unsubscribed Notes (as defined in the Backstop Agreement) in accordance with and subject to the terms of the Backstop Agreement, the Debtors shall be required to issue to the Backstop Parties (or their designees) an additional amount of New First Lien Notes in an aggregate principal amount equal to $5,000,000 (the "Put Option Notes"), as described in and subject to the terms and conditions set forth in the Bankruptcy Agreement.

E. Exemption from Registration. To the extent securities were offered prior to the filing of the Plan, such securities were offered in reliance on the exemption provided by Section 4(a)(2) of the Securities Act. The offer, issuance, sale and distribution under the Plan of the (a) New Equity Interests, (b) Rights, (c) New First Lien Notes issued in the Rights Offering to Rights Offering Participants (d) New First Lien Notes issued in the DIP Exchange and (e) the issuance of New Equity Interests in connection with any conversion of the New First Lien Notes issued in the Rights Offering or the DIP Exchange, shall all be exempt from registration under Section 5 of the Securities Act and any other applicable securities laws under, and to the extent provided by, Section 1145 of the Bankruptcy Code. The issuance and distribution of the Backstop Commitment Notes and the Put Option Notes, as well as any New Equity Interests into which such notes are converted, will be exempt from registration under the Securities Act and any other applicable securities laws under Section 4(a)(2) of the Securities Act and/or section 1145 of the Bankruptcy Code. **Cancellation of Certain Indebtedness, Agreements, and Existing Securities.**

On the Effective Date, except for the purposes of evidencing a right to a distribution under this Plan, and except as otherwise specifically provided for in the Plan, (i) the Restructuring Support Agreement, the Prepetition First Lien Credit Agreement, the Second Lien Note Indenture and the Notes Documents (as defined in the Second Lien Notes Indenture), the Subordinated PIK Notes Indenture and the Note Documents (as defined in the Subordinated PIK Notes Indenture), and any other certificate, note, bond, indenture, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of any of the Debtors giving rise to any Claim (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligations of any Debtors that are specifically Reinstated pursuant to the Plan), (ii) all Equity Interests of the Debtors (excluding Intercompany Interests) and any certificate or other instrument or document directly or indirectly evidencing or creating any Equity Interest in any of the Debtors as of immediately prior to the Effective Date, (iii) all registration rights, preemptive rights, rights of first refusal, rights of first offer, co-sale rights and other investor rights governing or relating to any of the indebtedness, obligations, Equity Interests or other items described in any of clauses (i) or (ii) above, and (iv) all obligations and liabilities arising under, related to, or in connection with, any of the items described in any of clauses (i)-(iii) above, in any such case, shall be deemed automatically extinguished, cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and the Debtors and the Reorganized Debtors shall not have any continuing obligations thereunder or with respect thereto; and the obligations of any of the Debtors and the Reorganized Debtors pursuant, relating, or pertaining to any agreements,

indentures, purchase agreements, certificates of incorporation, certificates of formation, by-laws, limited liability company agreements or similar documents governing or evidencing any of the items described in clauses (i)-(iv) above shall be released and discharged; and the holders of or parties to, or beneficiaries of, any of the items described in clauses (i) – (iv) above, will have no rights arising from or relating to, and will not be entitled to the benefits of, any such items or the cancellation thereof, except the rights expressly provided for pursuant to this Plan; *provided, however*, that, notwithstanding the occurrence of the Effective Date, any such indenture or agreement that governs the rights of the holder of a Claim shall continue in effect solely for purposes of allowing holders of such Claims to receive distributions under the Plan as provided herein; *provided, however*, that the subordination provisions contained in the Subordinated PIK Notes Indenture shall remain in full force and effect (except to the extent necessary to enable the holders of Subordinated PIK Notes to receive and retain the distributions set forth in Article IIID.5 hereof, it being understood that all rights and remedies of the Second Lien Notes Indenture Trustee and the holders of Second Lien Notes with respect to subordination are otherwise expressly preserved). For the avoidance of doubt, nothing in this section shall affect the discharge of or result in any obligation, liability, or expense of the Debtors or the Reorganized Debtors, or affect the discharge of Claims or Equity Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any additional obligation, expense, or liability of the Debtors or the Reorganized Debtors.

Upon the payment or other satisfaction of an Allowed Other Secured Claim, the holder of such Allowed Other Secured Claim shall deliver to the Debtors or Reorganized Debtors (as applicable) any Collateral or other property of the Debtors held by such holder, and any termination statements, instruments of satisfactions, or releases of all security interests with respect to its Allowed Other Secured Claim that may be required in order to terminate any related financing statements, mortgages, mechanic's liens, or *lis pendens*.

G. Intercompany Interests.

Subject to the Restructuring Transactions, the Intercompany Interests shall be retained shall continue in place, solely for the purpose of maintaining the existing corporate structure of the Debtors and the Reorganized Debtors.

H. Continued Corporate Existence and Vesting of Assets.

Except as otherwise provided herein, each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate legal entity, with all of the powers of such a legal entity, in accordance with the applicable laws of the respective jurisdictions in which they are incorporated or organized and pursuant to such Reorganized Debtors' Organizational documents and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable law. On or after the Effective Date, each Reorganized Debtor, in its sole and exclusive discretion, may take such action as permitted by applicable law and such Reorganized Debtor's Organizational Documents, as such Reorganized Debtor may determine is reasonable and appropriate, including, but not limited to, causing: (i) a Reorganized Debtor to be merged into another Reorganized Debtor, or its Subsidiary and/or affiliate; (ii) a Reorganized Debtor to be dissolved; (iii) the legal name of a Reorganized Debtor

to be changed; or (iv) the closure of a Reorganized Debtor's case on the Effective Date or any time thereafter.

Except as otherwise provided herein, on the Effective Date, all property of each Debtor's Estate, including any property held or acquired by each Debtor or Reorganized Debtor under the Plan or otherwise, will vest in such Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances, Equity Interests, and other interests, except for the Liens and Claims established under the Plan; *provided that* nothing in this Article IV.G shall limit the ability under the Bankruptcy Code of any party-in-interest to object to any Claim prior to the Claims Objection Deadline unless otherwise ordered by the Bankruptcy Court; *provided, further, however,* that the Debtors and the Reorganized Debtors waive and release any Causes of Action against any of the Released Parties as provided for in Article VII.E. hereof.

On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, and dispose of property and maintain, prosecute, abandon, compromise, settle or otherwise dispose any Claims or Causes of Action without supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, subject only to those restrictions expressly imposed by the Plan or the Confirmation Order as well as the documents and instruments executed and delivered in connection therewith, including the documents, exhibits, instruments, and other materials comprising the Plan Supplement. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur from and after the Effective Date for Fee Claims, disbursements, expenses, or related support services (including fees relating to the preparation of Professional fee applications) without application to, or the approval of, the Court.

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan and the Restructuring Transactions, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable entities may agree, including, without limitation, the New First Lien Notes and the New First Lien Note Documents; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (4) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

I. Retention of Avoidance Actions.

As of the Effective Date, all Avoidance Actions shall revest exclusively in the Reorganized Debtors; *provided, however,* that the Debtors and the Reorganized Debtors waive and release any Causes of Action against any of the Released Parties as provided for in Article VII.E. hereof.

J. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, and except as expressly provided in Article VII.E. herein, the Reorganized Debtors shall retain all Causes of Action, if any, described in the Plan Supplement. Nothing contained in this Plan or the Confirmation Order shall be deemed a waiver or relinquishment of any claim, Cause of Action, right of setoff, or other legal or equitable defense of any Debtor that is not specifically waived or relinquished by this Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert, all such claims, Causes of Action, rights of setoff, and other legal or equitable defenses that any Debtor had immediately before the Effective Date as fully as if the Chapter 11 Cases had not been commenced, and all of the Reorganized Debtors' legal and equitable rights respecting any claim that is not specifically waived or relinquished by this Plan may be asserted after the Effective Date to the same extent as if the Chapter 11 Cases had not been commenced. No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against such Person. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Person, subject to the terms of the Plan. From and after the Effective Date, the Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Cause of Action and to decline to do any of the foregoing without further notice to or action, order, or approval of the Court. The Reorganized Debtors are deemed representatives of the Estates for the purpose of prosecuting any Claim or Cause of Action and any objections to Claims pursuant to 11 U.S.C. § 1123(b)(3)(B).

K. Claims Incurred After the Effective Date.

Claims incurred by the Debtors after the Effective Date may be paid by the Reorganized Debtors in the ordinary course of business and without application for or Court approval, subject to any agreements with such holders of a Claim and applicable law.

L. Corporate Action.

Each of the matters provided for by the Plan involving the corporate or limited liability company structure of the Debtors or the Reorganized Debtors, and any action under the Plan to be taken by or required of the Debtors of the Reorganized Debtors, whether taken prior to or as of the Effective Date, including, without limitation, (a) the adoption and filing of the Organizational Documents for each of the other Reorganized Debtors; (b) the authorization, issuance, and distribution of New Equity Interests and any other securities and instruments; (c) the adoption, assumption or assignment, as applicable, of Executory Contracts; (d) implementation of the Reorganized NGR Holding Management Incentive Plan; (e) the selection of officers or directors/managers, and (f) the issuance of the New First Lien Notes, the entry into the New First Lien Notes Indenture and the execution and delivery of the New First Lien Notes Documents, and implementation of the Restructuring Transactions shall each be authorized and approved in all respects, without any requirement of further action by any of the

Debtors' or Reorganized Debtors' boards of directors or managers, as applicable, or security holders.

The Debtors, the Reorganized Debtors, and the Disbursing Agent, as applicable, shall be authorized to execute, deliver, file, and record such documents (including the Plan Documents), contracts, instruments, releases and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of the Plan, without the necessity of any further Bankruptcy Court, corporate, board or security holder approval or action. In addition, the selection of the Persons who will serve as the initial directors, officers and managers of the Reorganized Debtors as of the Effective Date shall be deemed to have occurred and be effective on and after the Effective Date without any requirement of further action by the board of directors, board of managers, or stockholders of the applicable Debtor or Reorganized Debtor.

ARTICLE V.
PROVISIONS REGARDING CORPORATE GOVERNANCE OF THE REORGANIZED DEBTOR

A. Organizational Documents.

On the Effective Date, the Organizational Documents of each of the Reorganized Debtors shall be deemed authorized in all respects. To the extent applicable, the Organizational Documents for the Reorganized Debtors shall prohibit the issuance of nonvoting equity securities only so long as, and to the extent that, the issuance of nonvoting equity securities is prohibited by the Bankruptcy Code (and any material changes in the form or the classification of Reorganized NGR Holding and/or Reorganized New Gulf shall be addressed in the Plan Supplement).

B. Appointment of Officers and Directors.

As of the Effective Date, the term of the current members of the board of directors or managers of NGR Holding shall be deemed to have expired and such members shall be deemed removed from such board, without further action by or notice to any Person. On the Effective Date, the initial directors or managers of the New Board shall consist of seven (7) directors/managers, including the Chief Executive Officer of Reorganized NGR Holding, three (3) directors/managers designated by Värde Partners, Inc., one (1) director/manager designated by Millstreet Capital Management LLC, one (1) director/manager designated by PennantPark Investment Corporation, and one (1) independent director/manager satisfactory to the Ad Hoc Committee. Commencing on the Effective Date, each of the directors of each of the Reorganized Debtors shall serve pursuant to the terms of the applicable organizational documents of such Reorganized Debtor and may be replaced or removed in accordance with such organizational documents.

The Plan Supplement shall identify the members of the boards of directors of the New Board, as applicable, of the Reorganized Debtors.

On the Effective Date, the executive officers of Reorganized NGR Holding shall be those executive officers that were employed by NGR Holding immediately prior to the

occurrence of the Effective Date, subject to the execution of amended and restated employment contracts (to the extent applicable) that are acceptable to such employee and the New Board.

C. Reorganized NGR Holding Management Incentive Plan.

A new management incentive program (the "MIP") shall be implemented immediately following the Effective Date. The MIP will provide for equity and/or equity-based awards, subject to the terms and conditions provided in the MIP and any individual award agreements. The pool available for grants of awards under the MIP will be equal to 9% in the aggregate of the new equity interests (on a fully diluted basis and not subject to dilution as of any Dilution Events) as of the Effective Date. The New Board (in consultation with the CEO) of Reorganized NGR Holding shall grant one half of the MIP pool (4.5% of the new equity interests) to the Executive Team (as defined below) on or as soon as administratively practicable after the Effective Date, and such awards shall vest one-third at grant and one-third on each of the first and second anniversaries of such grant, subject to such terms and conditions as provided under the MIP and individual award agreements. 25% of the MIP pool (2.25% of the new equity interests) will be available for grants to certain non-executive employees following emergence pursuant to and subject to guidelines established by the New Board in consultation with the CEO and shall contain such vesting provisions and other terms and conditions as determined by the New Board, in consultation with the CEO. The remaining portion of the MIP pool (i.e., 2.25% of the new equity interests) shall be available for awards, as determined by the New Board in its discretion after the Effective Date to the Executive Team and shall vest based on such terms and conditions determined by the New Board at the time of grant. For purposes of the MIP, "Executive Team" shall refer to Chairman and CEO; SVP & Chief Financial Officer; SVP Geology & Geophysics; SVP Drilling & Completions; SVP Production Operations Engineering; and VP Strategic Planning & Development. In addition, the MIP shall provide that awards shall provide that awards shall allow for net settlement to satisfy any required tax withholding not to exceed the statutory minimum and shall vest on a change in control that occurs while a grantee is employed by the Company. The material terms and conditions of the MIP will be included in the Plan Supplement.

D. Indemnification of Directors, Officers, and Employees.

From and after the Effective Date, indemnification obligations owed by NGR Holding to directors, managers, officers, or employees of the Debtors who served or were employed by any Debtor on or after May 1, 2014, to the extent provided in the articles or certificate of formation or limited liability company agreement of NGR Holding in effect as of immediately prior to the Petition Date, will be deemed assumed pursuant to the Plan and shall survive Confirmation of the Plan, and, for the avoidance of doubt, the Reorganized Debtors shall indemnify all such directors, managers, officers or employees for any claims or liabilities resulting from Covered Actions arising from NGR Holding's limited liability company agreement, except for fraud, gross negligence or willful misconduct, each as determined by a final non-appealable order. The Reorganized Debtors shall obtain a directors and officers tail policy providing for such continuing coverage for a period of seven years following the Effective Date on substantially the same terms as existed as of the Petition Date.

ARTICLE VI.
CONFIRMATION OF THE PLAN

A. Conditions to Confirmation.

The following are conditions to the entry of the Confirmation Order, unless such conditions, or any of them, have been satisfied or duly waived in accordance with Article VI.B:

1. The Court shall have approved the Disclosure Statement, which shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Requisite Supporting Noteholders.

2. The Confirmation Order shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders.

3. The Plan shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders, it being understood that the draft Plan dated December 17, 2015 is satisfactory to the Requisite Supporting Noteholders.

4. The Plan Supplement shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders.

5. The Restructuring Support Agreement shall not have been terminated in accordance with the terms thereof, and the Restructuring Support Agreement shall be in full force and effect.

6. The Backstop Agreement shall not have been terminated in accordance with the terms thereof, and the Backstop Agreement shall be in full force and effect.

7. The DIP Order and the DIP Agreement shall be in full force and effect in accordance with their terms and no Termination Event (as defined in the DIP Order) or Event of Default (as defined in the DIP Agreement) shall have occurred or be continuing; and

8. The Schedule of Rejected Executory Contracts is in form and substance satisfactory to the Debtors and the Requisite Supporting Noteholders.

B. Waiver of Conditions Precedent to Confirmation.

The Debtors, with the prior written consent of the Requisite Supporting Noteholders, may waive the conditions set forth in Article VI.A above at any time without leave or order of the Court and without any formal action.

C. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or Interest in, the Debtors and inure to the benefit of and be binding on such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

D. Vesting of Assets.

On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, and except as otherwise provided in this Plan, the property of each Estate shall vest in the applicable Reorganized Debtor, free and clear of all Claims, Liens, encumbrances, charges, and other Interests, except as provided herein or in the Confirmation Order. The Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code, except as provided herein.

ARTICLE VII.
SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

A. General Settlement of Claims and Interests.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with respect to any Allowed Claim, or any Distribution to be made on account of such Allowed Claim, subject in each case to Article IV.E. hereof.

Without limiting the foregoing, the provisions of the Plan shall, upon consummation, constitute a good faith compromise and settlement, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, among the Debtors and the Ad Hoc Committee of all disputes among the parties, including those arising from, or related to the Second Lien Notes Claims. In the event that, for any reason, the Confirmation Order is not entered or the Effective Date does not occur, the Debtors and the Ad Hoc Committee reserve all of their respective rights with respect to any and all disputes that would have been resolved and settled under the Plan had the Effective Date occurred.

The entry of the Confirmation Order shall constitute the Court's approval of each of the compromises and settlements embodied in the Plan, and the Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, their Estates, creditors, and other parties-in-interest, and are fair, equitable, and within the range of reasonableness. The Plan and the Confirmation Order shall have res judicata, collateral estoppel, and estoppel (judicial, equitable, or otherwise) effect with respect to all matters provided for, or resolved pursuant to, the Plan and/or the Confirmation Order, including,

without limitation, the release, injunction, exculpation, discharge, and compromise provisions contained in the Plan and/or the Confirmation Order. The provisions of the Plan, including, without limitation, its release, injunction, exculpation and compromise provisions, are mutually dependent and non-severable.

B. Subordination of Claims

The allowance, classification and treatment of all Allowed Claims and Equity Interests and the respective Distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, subject in each case to Article IV.E. hereof. However, the Debtors (with the consent of the Requisite Supporting Noteholders) reserve the right to reclassify any Allowed Claim or Equity Interest in accordance with any contractual, legal or equitable subordination relating thereto, unless otherwise provided in a settlement agreement concerning such Allowed Claim.

C. Discharge of the Debtors.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created or assumed pursuant to the Plan: (a) the Distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release of all Claims, Equity Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against and Equity Interests in, the Debtors, the Reorganized Debtors or any of their assets, properties or Estates, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, Equity Interests and Causes of Action, including demands, liabilities and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability, whether on account of representations or warranties issued or otherwise, whether on or before the Effective Date; (b) the Plan shall bind all holders of Claims and Equity Interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all Claims and Equity Interests shall be deemed to be satisfied, discharged and released in full, and the Debtors' liability with respect thereto, shall be extinguished completely, including debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a proof of Claim or Equity Interest based upon such debt, right, or Equity Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim or Equity Interest based upon such debt, right or Equity Interest is Allowed; or (iii) the holder of such a Claim or Equity Interest has accepted the Plan or is entitled to receive a distribution hereunder; and (d) all holders of such Claims and Equity Interests shall be precluded from ever asserting against the Debtors, the Debtors' Estates, the Reorganized Debtors, their successors, assigns and affiliates, and their assets and properties any Claims and Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Equity Interests subject to the occurrence of the Effective Date.

Upon the Effective Date, all Claims and Causes of Action against any Debtor related to or arising from any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to a non-Debtor affiliate and/or subsidiary of the Debtors, shall receive the classification and treatment provided for such Claims in the Plan and shall be discharged and all holders thereof forever precluded and enjoined, pursuant to sections 105, 524, 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim and Cause of Action against any Reorganized Debtor.

D. Release of Liens.

Except (a) with respect to the Liens securing the indebtedness, obligations, and liabilities under the New First Lien Notes Documents, and (b) as otherwise expressly provided in the Plan, or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan, all mortgages, deeds of trust, Liens, pledges, and other security interests against any property of the Debtors' Estates (including all liens provided for in the DIP Order on account of the DIP Loan Claims) shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, and other security interests shall revert to the Reorganized Debtors and each of their successors and assigns.

E. Releases by the Debtors.

For good and valuable consideration (including the service of the Released Parties to facilitate the reorganization of the Debtors, the implementation of the restructuring contemplated by the Restructuring Support Agreement and the Plan and the compromises contained herein), the adequacy of which is hereby confirmed, and except as otherwise specifically provided in the Plan, on and after the Effective Date, the Debtors, the Reorganized Debtors and the Debtors' Estates, including any successor to the Debtors or any Estate representative, shall be deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, remedies, Causes of Action and liabilities that could have been asserted by or on behalf of the Debtors or their Estates or Reorganized Debtors, whether directly, indirectly, derivatively or in any representative or any other capacity, against the Released Parties (and each such Released Party shall be deemed forever released, waived and discharged by the Debtors and Reorganized Debtors), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating the Covered Actions, provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action, if any, expressly set forth in and preserved by the Plan or the Plan Supplement (with the consent of the Requisite Supporting Noteholders); (ii) any Causes of Action arising from fraud, gross negligence, or willful misconduct as determined by final non-appealable order; and/or (iii) the rights of the Debtors or the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan

or assumed pursuant to the Plan or assumed pursuant to final non-appealable order. The foregoing release shall be effective as of and subject to the occurrence of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any person and the Confirmation Order will permanently enjoin the commencement, prosecution or continuation by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, or liabilities released pursuant to this release.

F. Releases by Certain Holders of Claims and Equity Interests.

For good and valuable consideration (including the service of the Released Parties to facilitate the reorganization of the Debtors, the implementation of the restructuring contemplated by the Restructuring Support Agreement and the Plan and the compromises contained herein), the adequacy of which is hereby confirmed, and except as otherwise specifically provided in the Plan, on and after the Effective Date, to the fullest extent permitted by applicable law, each of the Releasing Parties shall be deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge all claims, interests, obligations, suits, judgments, damages, demands, debts, rights, remedies, Causes of Action and liabilities that could have been asserted by or on behalf of the Debtors or their Estates or Reorganized Debtors, whether directly, indirectly, derivatively or in any representative or any other capacity, against the other Released Parties (and each such other Released Party shall be deemed forever released, waived and discharged by the other Released Parties), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, existing as of the Effective Date or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Covered Actions; provided, however, that the foregoing shall not operate to waive or release (i) any Causes of Action, if any, expressly set forth in and preserved by the Plan or the Plan Supplement (with the consent of the Requisite Supporting Noteholders); (ii) any Causes of Action arising from fraud, gross negligence, or willful misconduct as determined by final non-appealable order; and/or (iii) the rights of the Debtors or the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to final non-appealable order. The foregoing release shall be effective as of and subject to the occurrence of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any person and the Confirmation Order will permanently enjoin the commencement, prosecution or continuation by any person or entity, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, or liabilities released pursuant to this release. Each Person providing releases under the Plan, including the Debtors, the Reorganized Debtors, the Estates and the Releasing Parties, shall be deemed to have granted the releases set forth in those sections notwithstanding that such Person may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and

such Person expressly waives any and all rights that it may have under any statute or common law principle which would limit the effect of such releases to those claims or causes of action actually known or suspected to exist at the time of execution of such release.

G. Exculpation.

Notwithstanding anything herein to the contrary, the Exculpated Parties shall neither have nor incur any liability to any holder of any Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, or arising out of or related to any act taken or omitted to be taken in connection with any Covered Action; provided that nothing in the foregoing "Exculpation" shall exculpate any Entity from any liability resulting from any act or omission that is determined by Final Order to have constituted fraud, willful misconduct, gross negligence, or criminal conduct; provided that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan or any other related document, instrument, or agreement.

Notwithstanding anything herein to the contrary, as of the Effective Date, pursuant to section 1125(e) of the Bankruptcy Code, the Solicitation Parties upon appropriate findings of the Bankruptcy Court will be deemed to have solicited acceptance of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the Plan of a Reorganized Debtor, and shall not be liable to any Person on account of such solicitation or participation.

In addition to the protections afforded in this Article VII to the Exculpated Parties and the Solicitation Parties, and not in any way reducing or limiting the application of such protections, the Bankruptcy Court shall have exclusive jurisdiction over any and all Causes of Action asserted against any Debtor or Solicitation Party for Covered Actions that are not otherwise exculpated, released or enjoined by this Plan.

H. Injunction.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS, AS OF THE CONFIRMATION DATE, BUT SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR EQUITY INTERESTS ARE PERMANENTLY ENJOINED, FROM AND AFTER THE CONFIRMATION DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST, AS APPLICABLE, THE DEBTORS, THE REORGANIZED DEBTORS, THE RELEASED PARTIES, THE EXCULPATION PARTIES OR THE SOLICITATION PARTIES OR ANY OF THEIR PROPERTY, OR ANY DIRECT OR INDIRECT TRANSFER OF ANY PROPERTY OF, OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING

PERSONS OR ENTITIES: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (2) ENFORCING, ATTACHING, LEVYING, COLLECTING, OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH RELEASED PARTIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (3) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH RELEASED PARTIES OR AGAINST THE PROPERTY OR ESTATES OF SUCH RELEASED PARTIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (4) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM ANY OF THE DEBTORS OR REORGANIZED DEBTORS OR AGAINST THE PROPERTY OR INTERESTS IN PROPERTY OF ANY OF THE DEBTORS OR REORGANIZED DEBTORS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS; (5) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, CAUSES OF ACTION, OR EQUITY INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN OR CONFIRMATION ORDER, (6) ACTING OR PROCEEDING IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THIS PLAN TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW; AND (7) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THIS PLAN; PROVIDED, HOWEVER, THAT NOTHING CONTAINED HEREIN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING THEIR RIGHTS, OR OBTAINING BENEFITS, PURSUANT TO AND CONSISTENT WITH THE TERMS OF THIS PLAN.

By accepting Distributions pursuant to this Plan, each holder of an Allowed Claim or Interest will be deemed to have specifically consented to the Injunctions set forth in this Section.

I. Injunction Against Interference with Plan.

Upon the entry of the Confirmation Order, all holders of Claims and Interests and other parties in interest, along with their respective present or former affiliates, employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of this Plan.

J. Limitations on Exculpations and Releases.

Notwithstanding anything contained herein to the contrary, the releases and exculpation contained herein do not release any obligations of any party arising under this

Plan or any document, instrument or agreement (including those set forth in the New First Lien Notes Documents and the Plan Supplement) executed to implement the Plan.

K. Preservation of Insurance.

The Debtors' discharge, exculpation and release, and the release in favor of the Released Parties, as provided herein, shall not, except as necessary to be consistent with this Plan, diminish or impair the enforceability of any insurance policy that may provide coverage for claims against the Debtors, the Reorganized Debtors, their current and former directors and officers, or any other Person.

ARTICLE VIII.
DISTRIBUTIONS UNDER THE PLAN

A. Procedures for Treating Disputed Claims.

1. *Objections to Claims*. Except insofar as a Claim is Allowed under the Plan, the Debtors, the Reorganized Debtors, and any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be filed and served by the Claims Objection Deadline. Any Claims not objected to by the Claims Objection Deadline shall be deemed Allowed unless such period is extended upon approval of the Bankruptcy Court.

2. *Expungement and Disallowance of Claims*.

(a) Paid, Satisfied, Amended, Duplicate or Superseded Claims: Any Claim that has been paid, satisfied, amended, duplicated or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors on or after 14 calendar days after the date on which notice of such adjustment or expungement has been filed with the Bankruptcy Court, without the need for the Debtors to have filed an objection to such claim, and without any further action, order or approval of the Bankruptcy Court.

(b) Claims by Persons From Which Property Is Recoverable: Unless otherwise agreed to by the Reorganized Debtors or ordered by the Bankruptcy Court, any Claims held by any Person or Entity from which property is recoverable under sections 542, 543, 550 or 553 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and any Holder of such Claim may not receive any Distributions on account of such Claim until such time as such Cause of Action against that Person or Entity has been resolved.

(c) Indemnification Claims: All Claims filed on account of an indemnification obligation to a director, officer or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date, to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order or approval of the Bankruptcy Court.

(d) Untimely Claims: Any Claim that was required to be filed by the Claims Bar Date, but was not timely filed, shall not be Allowed, shall be deemed disallowed, and

shall be forever barred, estopped and enjoined from asserting such Claim against the Debtors or the Reorganized Debtors, their respective affiliates, or their respective property, and such Claim shall be deemed discharged as of the Effective Date, unless otherwise ordered by a Final Order of the Bankruptcy Court.

3. *Amendments to Proofs of Claim*. On or after the Effective Date, a Proof of Claim may not be amended (other than solely to update or correct the name or address of the holder of such Claim) without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, as applicable, and any such amended Proof of Claim filed without such prior authorization shall be deemed disallowed in full and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

4. *No Distributions Pending Allowance*. If an objection to a Claim or a portion thereof is filed as set forth in Article VIII herein or the Claim otherwise remains a Disputed Claim, except as otherwise provided in a Final Order of the Bankruptcy Court, no payment or Distribution provided under the Plan shall be made on account of such Claim or portion thereof, as applicable, unless and until such Disputed Claim becomes an Allowed Claim.

5. *Distributions After Allowance*. To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the applicable provisions of the Plan and any order of the Court.

6. *Administration Responsibilities*. Except as otherwise specifically provided in the Plan, after the Effective Date the Reorganized Debtors, with the consent of the Requisite Supporting Noteholders, shall have the sole authority to (a) file, withdraw or litigate to judgment objections to Claims, (b) settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court, and (c) administer and adjust, or cause to be administered and adjusted, the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court; *provided that* nothing in this Article VIII.8 shall limit the ability under the Bankruptcy Code of any party-in-interest to object to any Claim prior to the Claim Objection Bar Date unless otherwise ordered by the Bankruptcy Court.

B. Allowed Claims.

1. *Delivery of Distributions in General*. Except as otherwise provided herein, Distributions under the Plan shall be made by the Disbursing Agent to the holders of Allowed Claims in all Classes for which a Distribution is provided in this Plan at the addresses set forth on the Schedules or in the Debtors' books and records, as applicable, unless such addresses are superseded by Proofs of Claim or transfers of Claim filed pursuant to Bankruptcy Rule 3001 by the Distribution Record Date (or at the last known addresses of such holders if the Debtors or the Reorganized Debtors have been notified in writing of a change of address).

2. *Delivery of Distributions to Holders of Second Lien Notes Claims and Subordinated PIK Notes Claims*. The Indenture Trustees shall act as Disbursing Agents for the purposes of Distributions to be made hereunder on account of each Second Lien Notes Claim

and Subordinated PIK Notes Claim in accordance with the terms of the Second Lien Notes Indenture or the Subordinated PIK Notes Indenture (as applicable and other than any subordination provisions therein) and the Plan. Notwithstanding anything in the Plan to the contrary, and without limiting the exculpation and release provisions of the Plan, the Indenture Trustees shall not have any liability to any Person with respect to Distributions made or directed to be made by the Indenture Trustees.

3. *Distribution of Cash*. Any payment of Cash by the Reorganized Debtors pursuant to the Plan shall be made at the option and in the sole discretion of the Reorganized Debtors by (i) a check drawn on, or (ii) wire transfer from, a domestic bank selected by the Reorganized Debtors.

4. *Unclaimed Distributions of Cash*. Any Distribution of Cash under the Plan that is unclaimed after six months after it has been delivered (or attempted to be delivered) shall, pursuant to section 347(b) of the Bankruptcy Code, become the property of the Reorganized Debtors notwithstanding any state or other escheat or similar laws to the contrary, and the entitlement by the holder of such unclaimed Allowed Claim to such Distribution or any subsequent Distribution on account of such Allowed Claim shall be extinguished and forever barred.

5. *Distributions of New Equity Interests*. On or about the Effective Date, the Disbursing Agent shall distribute the New Equity Interests in accordance with Article IV.B of this Plan.

6. *Unclaimed Distributions of New Equity Interests*. Any Distribution of New Equity Interests under the Plan that is unclaimed after six months after it has been delivered (or attempted to be delivered) shall be retained by the Reorganized Debtors, notwithstanding any state or other escheat or similar laws to the contrary, and the entitlement by the holder of such Allowed Claim to such Distribution or any subsequent Distribution on account of such Allowed Claim shall be extinguished and forever barred.

7. *Saturdays, Sundays, or Legal Holidays*. If any payment, Distribution or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or Distribution or the performance of such act may be completed on the next succeeding Business Day, and shall be deemed to have been completed as of the required date.

8. *Fractional New Equity Interests and De Minimis Distributions*. Notwithstanding any other provision in the Plan to the contrary, no fractional units of New Equity Interests shall be issued or distributed pursuant to the Plan. Whenever any Distribution of a fraction of a unit of New Equity Interests would otherwise be required under the Plan, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole unit (up or down), with half units or less being rounded down and fractions in excess of a half of a unit being rounded up. No consideration will be provided in lieu of fractional units that are rounded down. Fractional units of New Equity Interests that are not distributed in accordance with this Article VII.B.8 shall be cancelled. The Reorganized Debtors shall not be required to, but may in

their sole and absolute discretion, make any payment on account of any Claim in the event that the costs of making such payment exceeds the amount of such payment.

9. *Distributions to Holders of Claims:*

(a) Initial Distribution to Claims Allowed as of the Effective Date. On or as soon as reasonably practicable after the Effective Date, or as otherwise expressly set forth in the Plan, the Disbursing Agent shall distribute Cash, New Equity Interests, or Collateral, as the case may be, to the holders of Allowed Claims as contemplated herein.

(b) Claims Allowed after the Effective Date. Each holder of a Claim that becomes an Allowed Claim subsequent to the Effective Date shall receive the Distribution to which such holder of an Allowed Claim is entitled as set forth in Article III, and Distributions to such holder shall be made in accordance with the provisions of this Plan. As soon as practicable after the date that the Claim becomes an Allowed Claim, the Reorganized Debtors shall provide to the holder of such Claim the Distribution (if any) to which such holder is entitled under this Plan as of the Effective Date, without any interest to be paid on account of such Claim.

10. *Special Rules for Distributions to Holders of Disputed Claims*. Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the relevant parties, no partial payments and no partial Distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims. If the Debtors, Reorganized Debtors or any other party in interest dispute any General Unsecured Claim, such dispute shall be governed by Article VIII.A.3 hereof.

11. *Interest on Claims* . Except as specifically provided for in the Plan, no Claims, Allowed or otherwise (including Administrative Claims), shall be entitled, under any circumstances, to receive any interest on a Claim.

C. Allocation of Consideration.

The aggregate consideration to be distributed to the holders of Allowed Claims in each Class under the Plan shall be treated as first satisfying an amount equal to the principal amount of the Allowed Claim for such holders, and any remaining consideration as satisfying accrued, but unpaid interest, as applicable.

D. Estimation.

Prior to or after the Effective Date, the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors, as applicable, may (but are not required to), at any time, request that the Court estimate (i) any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code or (ii) any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, for any reason, regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Court has ruled on any such objection. The Court will retain jurisdiction to estimate any Claim at any time, including during

proceedings concerning any objection to such Claim. In the event that the Court estimates any Claim, such estimated amount shall constitute either (i) the Allowed amount of such Claim, (ii) the amount on which a reserve is to be calculated for purposes of any reserve requirement under the Plan or (iii) a maximum limitation on such Claim, as determined by the Court. If the estimated amount constitutes the maximum limitation on such Claim, the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors, as the case may be, may elect to object to any ultimate allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another.

E. Insured Claims.

If any portion of an Allowed Claim is an Insured Claim, no Distributions under the Plan shall be made on account of such Allowed Claim until the holder of such Allowed Claim has exhausted all remedies with respect to any applicable insurance policies. To the extent that the Debtors' insurers agree to satisfy a Claim in whole or in part, then immediately upon such agreement, the portion of such Claim so satisfied may be expunged without an objection to such Claim having to be filed and without any further notice to or action, order or approval of the Court.

F. Setoffs and Recoupments

Each Reorganized Debtor, or such entity's designee (including, without limitation, the Disbursing Agent) as instructed by such Reorganized Debtor, may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off and/or recoup against any Allowed Claim, and the distributions to be made pursuant to this Plan on account of such Allowed Claim, any and all claims, rights and Causes of Action that a Reorganized Debtor or its successors may hold against the holder of such Allowed Claim after the Effective Date; provided, however, that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder will constitute a waiver or release by a Reorganized Debtor or such entity's designee or its successor of any and all claims, rights (including, without limitation, rights of setoff and/or recoupment) and Causes of Action that a Reorganized Debtor or such entity's designee or its successor may possess against such holder. For the avoidance of doubt, the Distribution Trustee shall not have any authority to exercise any rights of the Debtors or Reorganized Debtors to setoff or recoupment.

G. Rights and Powers of Disbursing Agent

1. *Powers of Disbursing Agent*. The Disbursing Agent shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (ii) make all applicable distributions or payments contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court (including any order issued after the Effective Date), pursuant to this Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. *Expenses Incurred on or After the Effective Date*. Except as otherwise ordered by the Bankruptcy Court, and subject to the written agreement of the Reorganized Debtors, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement Claims (including, without limitation, reasonable attorney and other professional fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

3. *Fees and Expenses of the Second Lien Indenture Trustee*. All fees and expenses of the Second Lien Indenture Trustee must be paid in full in cash on the Effective Date.

ARTICLE IX.
EXECUTORY CONTRACTS

A. Assumption of Executory Contracts.

Unless an Executory Contract: (i) was assumed or rejected, as mutually agreed upon by the Debtors and the Requisite Supporting Noteholders; (ii) was previously expired or terminated pursuant to its own terms; (iii) is the subject, as mutually agreed upon by the Debtors and the Requisite Supporting Noteholders, of a motion to reject filed on or before the Confirmation Date; or (iv) is designated specifically or by category as an Executory Contract on the Schedule of Rejected Executory Contracts, each Executory Contract shall be deemed assumed, without the need for any further notice to or action, order, or approval of the Bankruptcy Court, as of the Effective Date under section 365 of the Bankruptcy Code. The assumption of Executory Contracts hereunder may include the assignment of certain of such contracts to the Debtors. The Confirmation Order will constitute an order of the Bankruptcy Court approving the above-described assumptions and assignments pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

Except as otherwise provided herein or agreed to by the Debtors, the Requisite Supporting Noteholders and the applicable counterparty, each assumed Executory Contract shall include all modifications, amendments, supplements, restatements, or other agreements related thereto, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or the validity, priority, or amount of any Claims that may arise in connection therewith.

B. Cure Claims.

1. *Cure Payments*. Except to the extent that less favorable treatment has been agreed to by the non-Debtor party or parties to each such Executory Contract, any monetary defaults arising under each Executory Contract to be assumed pursuant to the Plan (subject to the consent of the Requisite Supporting Noteholders) shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the appropriate amount (the "Cure Amount") in Cash on the later of thirty (30) calendar days after: (i) the Effective Date; and (ii) the date on which any

Cure Dispute relating to such Cure Amount has been resolved (either consensually or through judicial decision).

2. *Cure Schedule and Objections*. No later than twenty-one (21) calendar days prior to the commencement of the Confirmation Hearing, the Debtors shall file a cure schedule (which shall be satisfactory in form, substance and amount to the Requisite Supporting Noteholders) and serve such cure schedule on each applicable counterparty. Any party that fails to object to the applicable Cure Amount listed on the Cure Schedule within seven (7) Business Days before the Confirmation Hearing, shall be forever barred, estopped and enjoined from disputing the Cure Amount set forth on the Cure Schedule (including a Cure Amount of $0.00) and/or from asserting any Claim against the applicable Debtor arising under section 365(b)(1) of the Bankruptcy Code except as set forth on the Cure Schedule.

3. *Cure Disputes*. In the event of a dispute (each, a "Cure Dispute") regarding: (i) the Cure Amount; (ii) the ability of the applicable Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to the proposed assumption, or the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving such Cure Dispute and approving the assumption. To the extent a Cure Dispute relates solely to the Cure Amount, the applicable Debtor may assume and/or assume and assign the applicable contract or lease prior to the resolution of the Cure Dispute provided that such Debtor reserves Cash in an amount sufficient to pay the full amount reasonably asserted as the required cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court or otherwise agreed to by such non-Debtor party and the Reorganized Debtors). To the extent the Cure Dispute is resolved or determined unfavorably to the applicable Debtor or Reorganized Debtor, as applicable, such Debtor or Reorganized Debtor, as applicable, may reject the applicable Executory Contract after such determination.

To the extent applicable, any Executory Contracts, including related instruments and agreements, assumed or deemed assumed during the Chapter 11 Cases, shall be deemed modified such that the transactions contemplated by the Plan shall not constitute a "change of control" or "assignment" (or terms with similar effect) under, or any other transaction or matter that would result in a violation, breach or default under, or increase, accelerate or otherwise alter any obligations or liabilities of the Debtors or the Reorganized Debtors under, or result in the creation or imposition of a Lien upon any property or asset of the Debtors or the Reorganized Debtors pursuant to, the applicable Executory Contract, and any consent or advance notice required under such Executory Contract shall be deemed satisfied by Confirmation.

On the Effective Date, each Executory Contract that is listed on the Schedule of Rejected Executory Contracts shall be deemed rejected or repudiated pursuant to Bankruptcy Code section 365. Until the Effective Date, the Debtors, with the consent of the Requisite Supporting Noteholders, expressly reserve their right to amend the Schedule of Rejected Executory Contracts to delete any Executory Contract therefrom or to add any Executory Contract thereto.

All Claims arising from the rejection of Executory Contracts, if any, will be treated as General Unsecured Claims. All such Claims shall be discharged on the Effective Date, and shall not be enforceable against the Debtors, the Reorganized Debtors or their respective properties or interests in property. In the event that the rejection of an Executory Contract by any of the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not evidenced by a timely filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or the Reorganized Debtors, or their respective properties or interests in property as agents, successors or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtors and the Reorganized Debtors on or before the date that is thirty (30) days after the effective date of such rejection (which may be the Effective Date or the date on which the Debtors reject the applicable contract or lease pursuant to an order of the Bankruptcy Court).

ASSUMPTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE PURSUANT TO THE PLAN OR OTHERWISE SHALL RESULT IN THE FULL RELEASE AND SATISFACTION OF ANY CLAIMS OR DEFAULTS, WHETHER MONETARY OR NONMONETARY, INCLUDING DEFAULTS OF PROVISIONS RESTRICTING THE CHANGE IN CONTROL OR OWNERSHIP INTEREST COMPOSITION OR OTHER BANKRUPTCY-RELATED DEFAULTS, ARISING UNDER ANY ASSUMED EXECUTORY CONTRACT OR UNEXPIRED LEASE AT ANY TIME BEFORE THE DATE ANY OF THE DEBTORS OR THE REORGANIZED DEBTORS ASSUMES SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE. ANY PROOFS OF CLAIM FILED WITH RESPECT TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE THAT HAS BEEN ASSUMED SHALL BE DEEMED DISALLOWED AND EXPUNGED, WITHOUT FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE COURT.

Obligations arising under insurance policies assumed by any of the Debtors before the Effective Date shall be adequately protected in accordance with any order authorizing such assumption.

C. Reservation of Rights.

Nothing contained in the Plan shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or that any Debtor or Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption, the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors, as applicable, shall have 45 days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease, in which case the deemed assumptions and rejections provided for in the Plan shall not apply to such contract or lease.

D. Assignment.

Any Executory Contract to be held by any of the Debtors or the Reorganized Debtors and assumed hereunder or otherwise in the Chapter 11 Cases, if not expressly assigned to a third party previously in the Chapter 11 Cases, will be deemed assigned to the applicable

Reorganized Debtor pursuant to section 365 of the Bankruptcy Code. If an objection to a proposed assumption, assumption and assignment, or Cure Claim is not resolved in favor of the Debtors before the Effective Date, the applicable Executory Contract may be designated by the Debtors (with the consent of the Requisite Supporting Noteholders) or the Reorganized Debtors for rejection within five Business Days of the entry of the order of the Court resolving the matter against the Debtors. Such rejection shall be deemed effective as of the Effective Date.

E. Insurance Policies.

Notwithstanding anything in this Plan to the contrary, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan. On the Effective Date, the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments related thereto. Unless otherwise determined by the Bankruptcy Court prior to the Effective Date, or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults (if any) of the Debtors existing as of the Effective Date with respect to each such insurance policy or agreement, and to the extent that the Bankruptcy Court determines otherwise as to any such insurance policy or agreement, the Debtors' rights to seek the rejection of such insurance policy or agreement or other available relief within thirty (30) days of such determination are fully reserved; *provided, however*, that the rights of any party that issues an insurance policy or agreement to object to such proposed rejection on any and all grounds are fully reserved. Nothing in the Plan, the Plan Documents, the Plan Supplement or the Confirmation Order (a) alters, modifies or otherwise amends the terms and conditions of (or the coverage provided by) any of the insurance policies or agreements, (b) limits the Reorganized Debtors from asserting a right or claim to the proceeds of any insurance policy or agreement that insures any Debtor, was issued to any Debtor or was assumed by the Reorganized Debtors by operation of the Plan or (c) impairs, alters, waives, releases, modifies or amends any of the Debtors' or Reorganized Debtors' legal, equitable or contractual rights, remedies, claims, counterclaims, defenses or Causes of Action in connection with any of such insurance policies or agreements.

F. Post-Petition Contracts and Leases.

All contracts, agreements, and leases that were entered into by one or more of the Debtors or assumed by any of the Debtors after the Petition Date shall be deemed assigned by the applicable Debtor(s) to the applicable Reorganized Debtor(s) on the Effective Date.

G. Compensation and Benefit Programs.

Except as such benefits may be otherwise terminated by the Debtors in a manner permissible under applicable law, or as may otherwise set forth in the Plan Supplement, all Existing Benefits Agreements shall be deemed assumed as of the Effective Date. Notwithstanding anything to the contrary contained herein, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

ARTICLE X.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction:

(i) to resolve any matters related to (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which one or more of the Debtors or the Reorganized Debtors is party or with respect to which the Debtors or the Reorganized Debtors may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; and (b) any dispute regarding whether a contract or lease is or was executory or expired;

(ii) to determine, adjudicate, or decide any other applications, adversary proceedings, contested matters, and any other matters pending on the Effective Date;

(iii) to ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

(iv) to resolve disputes as to the ownership of any Claim or Equity Interest;

(v) to allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;

(vi) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, reversed, modified, or vacated;

(vii) to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(viii) to consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Court, including the Confirmation Order;

(ix) to hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Bankruptcy Code;

(x) to hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan;

(xi) to hear and determine any issue for which the Plan requires a Final Order of the Court;

(xii) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(xiii) to hear and determine disputes arising in connection with compensation and reimbursement of expenses of professionals for services rendered during the period commencing on the Petition Date through and including the Effective Date;

(xiv) to hear and determine any Causes of Action preserved under the Plan;

(xv) to hear and determine any matter regarding the existence, nature, and scope of the Debtors' discharge;

(xvi) to hear and determine all Causes of Actions for Covered Actions as provided in Article VII.G of the Plan;

(xvii) to hear and determine any matter, case, controversy, suit, dispute, or Cause of Action (i) regarding the existence, nature, and scope of the discharge, releases, injunctions, and exculpation provided under the Plan, and (ii) enter such orders as may be necessary or appropriate to implement such discharge, releases, injunctions, exculpations, and other provisions;

(xviii) to enter a final decree closing the Chapter 11 Cases;

(xix) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation or enforcement of the Plan;

(xx) to adjudicate any and all disputes arising from or relating to distributions under the Plan;

(xxi) to adjudicate any and all disputes arising from or relating to the Rights Offering Procedures;

(xxii) to enforce all orders previously entered by the Court; and

(xxiii) to hear any other matter not inconsistent with the Bankruptcy Code.

For the avoidance of doubt, the Court shall not retain exclusive jurisdiction with respect to the following documents entered into by the Reorganized Debtors on or after the Effective Date: (i) the New First Lien Notes Indenture, (ii) the New First Lien Notes Documents, (iii) the Organizational Documents for any of the other Reorganized Debtors, and (iv) the Reorganized NGR Holding Management Incentive Plan.

ARTICLE XI.
EFFECTIVENESS OF THE PLAN

A. Conditions Precedent to Effectiveness.

The Plan shall not become effective unless and until the Confirmation Date has occurred and the following conditions have been satisfied in full or waived in accordance with Article XI.B:

1. the Confirmation Order entered by the Court shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders;

2. the Confirmation Order shall have become a Final Order and shall not have been stayed, modified, or vacated;

3. the Plan Supplement and the Definitive Documents (as such term is defined in the Restructuring Support Agreement), shall be in form and substance consistent with the Restructuring Support Agreement and otherwise satisfactory to the Debtors and the Requisite Supporting Noteholders and shall have been executed and delivered, and any conditions precedent contained to effectiveness therein having been satisfied or waived in accordance therewith;

4. all other actions, documents, certificates, and agreements necessary to implement the Plan, each in form and substance satisfactory to the Debtors and the Requisite Supporting Noteholders. shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable Governmental Units in accordance with applicable laws;

5. all necessary authorizations, consents, and all governmental, regulatory and third party approvals, authorizations, certifications, rulings, no-action letters, opinions, waivers and/or consents in connection with the Plan, if any having been obtained and remaining in full force and effect, and there existing no claim, action, suit, investigation, litigation or proceeding, pending or threatened in any court or before any arbitrator or governmental instrumentality, which would prohibit the consummation of the Plan;

6. the Reorganized Debtors shall have executed the New First Lien Notes Indenture and all other New First Lien Notes Documents, and all conditions precedent to effectiveness and issuance of the New First Lien Notes (including the issuance of the DIP Exchange Notes) shall have been satisfied or waived in accordance with the terms of the New First Lien Notes;

7. (i) the Restructuring Support Agreement shall not have been terminated in accordance with the terms thereof, and the Restructuring Support Agreement shall be in full force and effect, and (ii) all conditions to closing set forth in the Restructuring Support Agreement shall have been satisfied or waived in accordance with its terms;

8. (i) the Backstop Agreement shall not have been terminated in accordance with the terms thereof, and the Backstop Agreement shall be in full force and effect, and (ii) all conditions to closing set forth in the Backstop Agreement shall have been satisfied or waived in accordance with its terms; and

9. all unpaid Transaction Expenses shall have been paid pursuant to the applicable fee letters of such professionals.

B. Waiver of Conditions Precedent to Effectiveness.

The Debtors, with the prior written consent of the Requisite Supporting Noteholders, may waive conditions set forth in Article XI.A above at any time without leave of or order of the Court and without any formal action.

If any condition precedent to the Effective Date is waived pursuant to this Section Article XI.B. and the Effective Date occurs, the waiver of such condition shall benefit from the "mootness doctrine," and the act of consummation of this Plan shall foreclose any ability to challenge this Plan in any court.

C. Effect of Failure of Conditions.

In the event that the Effective Date does not occur on or before [•], but in no event later than [•], upon notification submitted by the Debtors (with the consent of the Requisite Supporting Noteholders) to the Court: (i) the Confirmation Order may be vacated, (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; and (iv) the Debtors' obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained in the Plan shall constitute or be deemed a waiver, release, or discharge of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors unless extended by Court order.

D. Vacatur of Confirmation Order.

If a Final Order denying confirmation of the Plan is entered, or if the Confirmation Order is vacated, then the Plan shall be null and void in all respects, and nothing contained in the Plan shall: (i) constitute a waiver, release, or discharge of any Claims or Equity Interests; (ii) prejudice in any manner the rights of the holder of any Claim or Equity Interest; (iii) prejudice in any manner any right, remedy, or claim of the Debtors; or (iv) be deemed an admission against interest by the Debtors.

E. Modification of the Plan.

Subject to the limitations contained in the Plan, and subject to the terms of the Restructuring Support Agreement, (i) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, with the prior written consent of the Requisite Supporting Noteholders, to amend or modify the Plan prior to the entry of the Confirmation

Order, including amendments or modifications to satisfy section 1129(b) of the Bankruptcy Code, and (ii) after entry of the Confirmation Order, with the prior written consent of the Requisite Supporting Noteholders, the Debtors or the Reorganized Debtors, as the case may be, may, upon order of the Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code. Notwithstanding the foregoing, the Confirmation Order shall authorize the Debtors or the Reorganized Debtors, as the case may be, with the consent of the Requisite Supporting Noteholders, to make appropriate technical adjustments, remedy any defect or omission, or reconcile any inconsistencies in the Plan, the documents included in the Plan Supplement, any and all exhibits to the Plan, and/or the Confirmation Order, as may be necessary to carry out the purposes and effects of the Plan, provided, however, that such action does not materially and adversely affect the treatment of the Class of holders of Allowed Claims or Equity Interests pursuant to the Plan.

F. Revocation, Withdrawal, or Non-Consummation.

1. *Right to Revoke or Withdraw*. The Debtors (with the prior written consent of the Requisite Supporting Noteholders) reserve the right to revoke or withdraw the Plan at any time before the Effective Date; *provided*, *however*, that this provision shall have no impact on the rights of the Ad Hoc Committee, as set forth in the Restructuring Support Agreement, in respect of any such revocation or withdrawal.

2. *Effect of Withdrawal, Revocation, or Non-Consummation*. If the Debtors revoke or withdraw the Plan prior to the Effective Date, or if the Confirmation Date or the Effective Date does not occur, the Plan, any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Equity Interest or Class of Claims or Equity Interests), the assumption or rejection of Executory Contracts, Unexpired Leases or benefit plans effected by the Plan, any release, exculpation, or indemnification provided for in the Plan, and any document or agreement executed pursuant to the Plan shall be null and void. In such event, nothing contained herein, and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims by or against or Equity Interests in the Debtors or any other Person, to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or to constitute an admission of any sort by the Debtors or any other Person.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all holders of Claims or Equity Interests (irrespective of whether such Claims or Equity Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with any of the Debtors. The rights, benefits and obligations of any Entity

named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

B. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York (without reference to the conflicts of laws provisions thereof that would require or permit the application of the law of another jurisdiction) shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan, unless otherwise specified.

C. Filing or Execution of Additional Documents.

On or before the Effective Date or as soon thereafter as is practicable, the Debtors or the Reorganized Debtors shall (on terms materially consistent with the Plan) file with the Court or execute, as appropriate, such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, which agreements and documents shall be in form and substance satisfactory to the Requisite Supporting Noteholders.

D. Term of Injunctions or Stays.

Unless otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

E. Withholding and Reporting Requirements.

In connection with the Plan and all instruments issued in connection therewith and distributions thereon, the Reorganized Debtors and the Disbursing Agent shall comply with all withholding and reporting requirements imposed by any United States federal, state, local, or non-U.S. taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distribution pending receipt of information necessary or appropriate to facilitate such distributions.

F. Exemption From Transfer Taxes.

Pursuant to, and to the fullest extent permitted by, section 1146(a) of the Bankruptcy Code, all transfers of property effectuated under this Plan, including without limitation (i) the issuance, transfer, or exchange under the Plan of New Equity Interests, and the security interests in favor of the lenders under the New First Lien Notes Documents, (ii) any assumption, assignment, and/or sale of the Debtors' interests in unexpired leases of non-residential real property or executory contracts, or (iii) the making or delivery of any other

instrument whatsoever, in furtherance of or in connection with the Plan, shall not be subject to any stamp, conveyance, mortgage, sales or use, real estate transfer, recording, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

G. Dissolution of Creditors' Committee

The Creditors' Committee shall be automatically dissolved on the Effective Date and, on the Effective Date, each member (including each officer, director, employee or agent thereof) of the Creditors' Committee and each Professional retained by the Creditors' Committee shall be released and discharged from all rights, duties, responsibilities and obligations arising from, or related to, the Debtors, their membership on the Creditors' Committee, the Plan or the Chapter 11 Cases, *except* with respect to any matters concerning any Fee Claims held or asserted by any Professional retained by the Creditors' Committee.

H. Severability

If, prior to the entry of the Confirmation Order, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors (upon the prior written consent of the Requisite Supporting Noteholders) shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

I. Plan Supplement.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. The documents contained in the Plan Supplement shall be available online at www.pacer.gov and cases.primeclerk.com/newgulf. Holders of Claims or Equity Interests may obtain a copy of the Plan Supplement upon written request to counsel to the Debtors. The Debtors reserve the right, in accordance with the terms hereof, and with the prior written consent of the Requisite Supporting Noteholders, to modify, amend, supplement, restate, or withdraw any part of the Plan Supplement after they are filed and shall promptly make such changes available online at www.pacer.gov and cases.primeclerk.com/newgulf.

J. Notices.

All notices, requests, and demands hereunder to be effective shall be made in writing or by e-mail, and unless otherwise expressly provided herein, shall be deemed to have

been duly given when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed. Each of such notices shall be addressed as follows:

119. *To the Debtors*: NGR Holding Company LLC, 10441 S Regal Blvd #210, Tulsa, OK 74133, Attn: Danni Morris, Tel.: (918) 728-3020, with a copy to Baker Botts L.L.P., 2001 Ross Avenue, Dallas, Texas 75201, Attn: C. Luckey McDowell, Tel.: (214) 953-6500, Fax: (214) 953-6503, e-mail: luckey.mcdowell@bakerbotts.com.

120. *To the Ad Hoc Committee*: Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038, Attn: Erez Gilad, Esq., Tel: (212) 806-5881, Fax: (212) 806-7881, e-mail: egilad@stroock.com.

121. *To the U.S. Trustee*: Office of The United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Tel.: (302) 573-6491, Fax: (302) 573-6497.

K. Conflicts.

The terms of the Plan shall govern in the event of any inconsistency between the Plan and the Disclosure Statement. In the event of any inconsistency with the Plan and the Confirmation Order, the Confirmation Order shall govern with respect to such inconsistency.

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Dated: December 17, 2015

NGR HOLDING COMPANY LLC
on behalf of itself and all other Debtors

By: /s/ *Danni Morris*
Name: Danni Morris
Title: Chief Financial Officer

EXHIBIT B TO THE DISCLOSURE STATEMENT

RESTRUCTURING SUPPORT AGREEMENT

THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT, AND SHALL NOT BE DEEMED, AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION WILL NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS RESTRUCTURING SUPPORT AGREEMENT CONTAINS MATERIAL NONPUBLIC INFORMATION AND, THEREFORE, IS SUBJECT TO FEDERAL SECURITIES LAWS.

RESTRUCTURING SUPPORT AGREEMENT

by and among

NGR HOLDING COMPANY LLC, NEW GULF RESOURCES, LLC AND ITS SUBSIDIARIES

and

THE OTHER PARTIES HERETO FROM TIME TO TIME

dated as of December 17, 2015

RESTRUCTURING SUPPORT AGREEMENT

This RESTRUCTURING SUPPORT AGREEMENT (as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof, and including all exhibits annexed hereto which are incorporated by reference herein, this "RSA" or this "Agreement"), dated as of December 17, 2015, is entered into by and among (a) NGR Holding Company LLC, a Delaware limited liability company ("NGR Holding"), New Gulf Resources, LLC, a Delaware limited liability company ("New Gulf"), and each of the undersigned direct and indirect subsidiaries of NGR Holding and New Gulf (together with NGR Holding and New Gulf, the "Company" or the "Debtors"), (b) the undersigned managers (in their capacities as such) of NGR Holding and New Gulf (the "Supporting Managers"), and (c) certain beneficial holders, or investment advisors or managers for the account of certain beneficial holders (together with their respective successors and permitted assigns, the "Noteholders") of the 11.75% Senior Secured Notes due 2019 (the "Second Lien Notes") issued pursuant to that certain indenture dated as of May 9, 2014, by and among New Gulf and NGR Finance Corp., as co-issuers, and The Bank of New York Mellon Trust Company, N.A., as indenture trustee and collateral agent (such Noteholders that are parties hereto as of the date hereof, the "Initial Supporting Noteholders," and, together with any subsequent Noteholder that becomes a party hereto in accordance with the terms hereof, the "Supporting Noteholders"). Each of the Company, the Supporting Managers and the Supporting Noteholders is referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, the Company and the Supporting Noteholders have negotiated, in good faith and at arms' length, a transaction that would effectuate a comprehensive restructuring of the Company's financial obligations to be implemented in voluntary cases under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), pursuant to a joint chapter 11 plan of reorganization in the form attached hereto as **Exhibit A** (as it may be amended, modified or supplemented from time to time in accordance with the terms hereof, the "Exhibit Plan") and the other Definitive Documents (as defined below) (collectively, the "Restructuring");

WHEREAS, the Parties intend to implement the Restructuring through the Exhibit Plan, and in connection therewith, the Company has agreed, subject to the terms and conditions of this Agreement, to, among other things, (i) prepare and commence cases under Chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"), (ii) file the Exhibit Plan, as it may be amended, modified or supplemented by mutual agreement of the Company and the Requisite Supporting Noteholders (the "Plan"), and the disclosure statement attached hereto as **Exhibit B** (as may be amended, modified or supplemented (including all exhibits and schedules annexed thereto or referred to therein) from time to time in accordance with the terms hereof, the "Disclosure Statement") with the Bankruptcy Court in the Chapter 11 Cases, (iii) seek Bankruptcy Court approval of the Disclosure Statement and, after obtaining such approval, solicit acceptances of the Plan from the holders of Second Lien Notes and Subordinated Notes (as defined below) in accordance with sections 1125(g) and 1126(b) of the Bankruptcy Code,

and (iv) use commercially reasonable efforts to have the Plan confirmed by the Bankruptcy Court and consummated thereafter;

WHEREAS, as of the RSA Effective Date (as defined below), the Supporting Noteholders collectively hold approximately 72% in aggregate principal amount outstanding of the Second Lien Notes; and

WHEREAS, the Parties desire to express to each other their mutual support and commitment in respect of the Restructuring and the Plan on the terms and conditions contained in this RSA.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party agrees as follows:

1. Definitions; Interpretation.

All references herein to "this Agreement," "this RSA" or "herein" shall include all exhibits. The general terms and conditions of the Restructuring, as supplemented by the terms and conditions of this Agreement, are or shall be set forth in the Definitive Documents. Unless otherwise stated, capitalized terms used and not defined in this Agreement shall have the meanings ascribed to them in the Plan.

As used in this Agreement, the following terms have the following meanings:

a. "After-Acquired Leases" means the real property interests acquired by the Company after May 9, 2014, solely to the extent such real property interests were not the subject of valid and perfected liens and security interests as of the Petition Date;

b. "Alternative Transaction" means any dissolution, winding up, liquidation, reorganization, recapitalization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale, financing (debt or equity) or restructuring of the Company, other than the Exhibit Plan;

c. "Backstop Agreement" means the backstop agreement attached hereto as **Exhibit C** (as it may be amended, modified or supplemented from time to time in accordance with the terms hereof);

d. "Backstop Agreement Motion" means the motion and proposed form of order, to be filed by the Company with the Bankruptcy Court, seeking Bankruptcy Court approval of the Company's assumption of the Backstop Agreement, approval and authorization to pay the obligations thereunder, including the issuance of the Put Option Notes and the payment of the Transaction Expenses (each as defined in the Backstop Agreement) and such other fees, expenses and indemnities provided in the Backstop Agreement, as administrative expenses of the Company's estates, and approval of the Rights

Offering Procedures, each of which shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

e. "Backstop Agreement Order" means an order of the Bankruptcy Court approving the Backstop Agreement Motion, which order shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

f. "Chosen Courts" has the meaning given to such term in Section 22 hereof;

g. "Confirmation Order" means an order of the Bankruptcy Court confirming the Plan, which order shall reflect the terms set forth in the Plan, the Backstop Agreement and this Agreement and shall otherwise be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

h. "Definitive Documents" means this RSA, the Plan and all documents (including any related orders, agreements, instruments, schedules or exhibits) that are described in or contemplated by this Agreement and the Plan and that are otherwise necessary or desirable to implement, or otherwise relate to, the Restructuring Transactions, including, without limitation: (1) the RSA Agreement Motion and the RSA Agreement Order, (2) the Backstop Agreement, the Backstop Agreement Motion and the Backstop Agreement Order, (3) the Rights Offering Procedures, the Disclosure Statement Motion, the Solicitation Procedures and Materials and the Disclosure Statement Order, (4) the DIP Facility Motion and the DIP Orders, (5) the Confirmation Order, (6) the First Day Motions and orders of the Bankruptcy Court approving any First Day Motions, (7) the Plan Supplement, including the documents governing the New First Lien Notes, the organizational and governance documents governing the reorganized Company, and the list of executory contracts to be assumed or rejected (if any), and (8) any other documents, instruments, schedules or exhibits described in, related to or contemplated in, or necessary to implement, each of the foregoing;

provided, however, that each of the foregoing shall be consistent with the Plan, the Backstop Agreement and this Agreement and shall otherwise be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

i. "DIP Commitment Letter" means the commitment letter attached as **Exhibit D** hereto (including the DIP Term Sheet attached as an exhibit thereto) with respect to the DIP Facility;

j. "DIP Commitments" means the commitments of the DIP Lenders under the DIP Commitment Letter and the DIP Facility, subject to the terms and conditions contained therein;

k. "DIP Credit Agreement" means the credit agreement that governs the DIP Facility;

l. "DIP Facility" means the debtor-in-possession financing to be provided to the Company in accordance with and subject to the terms and conditions set forth in the DIP Commitment Letter, including all related documents, orders, agreements, instruments, schedules or exhibits to be executed and delivered in connection therewith, each of which shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the DIP Lenders;

m. "DIP Facility Motion" means the motion and the proposed form of interim and final orders, to be filed by the Company with the Bankruptcy Court, seeking approval of the DIP Facility, each of which shall be in form and substance satisfactory to the Requisite Supporting Noteholders;

n. "DIP Lenders" means the lenders under the DIP Facility;

o. "DIP Orders" means the interim and final orders of the Bankruptcy Court approving the DIP Facility, each of which shall be in form and substance satisfactory to the DIP Lenders;

p. "Disclosure Statement Motion" means the motion and the proposed form of order to be filed by the Company with the Bankruptcy Court, seeking approval of the Disclosure Statement and approval of all other Solicitation Materials and Procedures, each of which shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

q. "Disclosure Statement Order" means the order approving the Disclosure Statement as containing adequate information for purposes of Bankruptcy Code section 1125 of the Bankruptcy Code and approving all other Solicitation Procedures and Materials, which order shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

r. "DMCL" means DeGolyer and MacNaughton Canada Limited;

s. "Fiduciary Duty Out" has the meaning given to such term in Section 9 hereof;

t. "First Day Hearing Date" means that date on which the first hearing commences in the Chapter 11 Cases.

u. "First Day Motions" means the "first day" motions, applications, related documents and proposed forms of orders to be filed by the Company with the Bankruptcy Court, including, without limitation, (1) a motion seeking authority to pay prepetition royalties and operating expenses in the ordinary course and/or a motion seeking authority to pay critical vendors, (2) a motion seeking authority to enjoin trading in existing equity interests in the Company and granting certain other/related relief in order to preserve certain tax attributes, (3) the applications to employ Professionals, and (4) the motion to approve the Key Employee Retention Plan, in each case, subject to the terms

and conditions of the DIP Credit Agreement and in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

v. "Key Employee Retention Plan" means the Company's key employee retention plan that is the subject of a motion to be filed by the Debtors in the Chapter 11 Cases seeking authority and approval therefor by the Bankruptcy Court and in form and substance reasonably satisfactory to the Requisite Supporting Noteholders and the Company and otherwise consistent with the Approved Budget (as defined in the DIP Credit Agreement);

w. "Material Adverse Effect" means any event, change, effect, occurrence, development, or change of fact that has, or would reasonably be expected to have, a material adverse effect on the business, results of operations, financial condition, assets or liabilities of the Company, taken as a whole; *provided, however*, that "Material Adverse Effect" shall not include any event, change, effect, occurrence, development, or change of fact arising out of, resulting from or relating to (a) the commencement or existence of the Chapter 11 Cases, (b) the announcement of the Plan and the Contemplated Transactions (as defined in the Backstop Agreement), (c) compliance by the Company with the covenants and agreements contained herein or in the Backstop Agreement or in the Plan, (d) any change in the Laws of general applicability or interpretations thereof by any courts or other Governmental Bodies, (e) any action or omission of the Company taken with the prior written consent of the Requisite Supporting Noteholders, or (f) any expenses incurred by the Company in connection with this Agreement or the Contemplated Transactions (as defined in the Backstop Agreement); *provided, however*, that exceptions contained in clause (d) above shall not prevent a determination that there has been a Material Adverse Effect if the event, change, effect, occurrence, development, or change of fact referred to therein affects the Company, taken a whole, in a disproportionately adverse manner relative to other participants in the industries in which the Company participates (provided that any such event, change, effect, occurrence, development, or change of fact may only be considered to the extent of such disproportionate impact);

x. "Millstreet" means, as of any time of determination, the Affiliates and Related Funds (each as defined in the Backstop Agreement) of Millstreet Capital Management LLC as of such time;

y. "MNPI" has the meaning given to such term in Section 20 hereof;

z. "New Gulf LLC Agreement" means the Second Amended and Restated Limited Liability Company Agreement of New Gulf Resources, LLC dated May 9, 2014, as in effect immediately prior to the Pre-Filing Corporate Reorganization;

aa. "NGR Holding LLC Agreement" means the Amended and Restated Limited Liability Company Agreement of NGR Holding Company LLC dated December 14, 2015, as in effect upon the completion of the Pre-Filing Corporate Reorganization;

bb. "Noteholder Affiliate" has the meaning given to such term in Section 14 hereof;

cc. "Noteholder Fees and Expenses" means the reasonable and documented fees and expenses of each of the Initial Supporting Noteholders (including all Transaction Expenses (as defined in the Backstop Agreement)), including, without limitation, the fees and expenses of (1) Stroock, (2) Richards, Layton & Finger, PA, as Delaware local counsel, (3) Haynes and Boone, LLP, as Texas counsel, (4) PJT, pursuant to the terms of that certain letter agreement by and among PJT, Stroock and New Gulf dated as of October 6, 2015, (5) DMCL, pursuant to the terms of that certain letter agreement by and among DMCL, Stroock and New Gulf dated as of November 13, 2015, and (6) such other production or reserve engineers and/or consultants or other professionals as may be retained by the Initial Supporting Noteholders;

dd. "Outside Petition Date" has the meaning given to such term in Section 5(b) hereof;

ee. "PennantPark" means, as of any time of determination, the Affiliates and Related Funds (each as defined in the Backstop Agreement) of PennantPark Investment Corporation;

ff. "Periodic Financial Statements" has the meaning given to such term in Section 5(k) hereof;

gg. "Permitted Transfer" has the meaning given to such term in Section 14 hereof;

hh. "Permitted Transferee" has the meaning given to such term in Section 14 hereof;

ii. "Petition Date" has the meaning given to such term in Section 5(b) hereof;

jj. "PJT" means PJT Partners LP;

kk. "Pre-Filing Corporate Reorganization" has the meaning given to such term in Section 8 hereof;

ll. "Qualified Marketmaker" has the meaning given to such term in Section 14 hereof;

mm. "RBL Facility" means that certain Credit Agreement dated as of June 12, 2014, among New Gulf Resources, LLC, as borrower, MidFirst Bank, as

administrative agent and letters of credit issuer, and the other lenders party thereto, including any and all amounts outstanding thereunder;

nn. Related Fund" means, with respect to any Party, any fund, account or investment vehicle that is controlled or managed by (a) Party, (b) an Affiliate of such Party or (c) the same investment manager or advisor as such Party or an Affiliate of such investment manager or advisor.

oo. "Requisite Supporting Noteholders" means, as of any date of determination, (a) Initial Supporting Noteholders who hold a majority in principal amount of the Second Lien Notes then held by the Initial Supporting Noteholders in the aggregate as of such date, (b) Millstreet, only for so long as Millstreet holds at least 50% of the principal amount of the Second Lien Notes held by Millstreet on the date hereof, (c) PennantPark, only for so long as PennantPark holds at least 50% of the principal amount of the Second Lien Notes held by PennantPark on the date hereof, and (d) Värde, only for so long as Värde holds at least 50% of the principal amount of the Second Lien Notes held by Värde on the date hereof;

pp. "Restructuring Transactions" means the Restructuring and all transactions described or contemplated hereunder (including the exhibits hereto) and each of the Definitive Documents, and all transactions necessary to implement each of the foregoing;

qq. "Rights Offering" means the rights offering contemplated in the Plan, subject to the terms and conditions contained in the Backstop Agreement and the Rights Offering Procedures;

rr. "Rights Offering Procedures" means the rights offering procedures attached as an exhibit to the Backstop Agreement (as may be amended, modified or supplemented from time to time in accordance with the terms hereof);

ss. "RSA Agreement Motion" means the motion and proposed form of order, to be filed by the Company with the Bankruptcy Court, seeking authorization for the Company's assumption of the RSA and the approval and authorization to pay the obligations thereunder, including the fees and expenses provided in the RSA, as administrative expenses of the Company's estates, each of which shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

tt. "RSA Agreement Order" means an order of the Bankruptcy Court approving the RSA Agreement Motion, which order shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

uu. "RSA Effective Date" means the date on which counterpart signature pages to this Agreement shall have been executed and delivered by (i) the Company, (ii) Supporting Noteholders holding at least 72% in aggregate principal

amount outstanding of the Second Lien Notes, and (iii) each of the managers of NGR Holding and New Gulf (in their capacities as such);

vv. "RSA Support Period" means the period commencing on the RSA Effective Date and ending on the date on which this Agreement is terminated in accordance with Section 15 hereof;

ww. "Second Lien Note Claims" means any and all claims arising under the Second Lien Notes;

xx. "Solicitation Procedures and Materials" means the Disclosure Statement, the related solicitation materials and the solicitation procedures, each of which shall be in form and substance satisfactory to the Requisite Supporting Noteholders and the Company;

yy. "Stroock" means Stroock & Stroock & Lavan LLP;

zz. "Subordinated Note Claims" means any and all claims arising under the Subordinated Notes;

aaa. "Subordinated Notes" means the 10.0%/12.0% Senior Subordinated PIK Toggle Notes due 2019 issued pursuant to that certain indenture dated as of May 9, 2014, by and among New Gulf Resources, LLC and NGR Finance Corp., as co-issuers, and The Bank of New York Mellon Trust Company, N.A., as indenture trustee;

bbb. Transfer" has the meaning given to such term in Section 14 hereof;

ccc. "Transfer Agreement" has the meaning given to such term in Section 14(b) hereof; and

ddd. "Värde" means, as of any time of determination, the Affiliates and Related Funds (each as defined in the Backstop Agreement) of Värde Partners, Inc., as of such time.

In this RSA, unless the context otherwise requires:

a. words importing the singular also include the plural, and references to one gender include all genders;

b. the headings in this RSA are inserted for convenience only and do not affect the construction of this RSA and shall not be taken into consideration in its interpretation;

c. the words "hereof," "herein" and "hereunder" and words of similar import when used in this RSA shall refer to this RSA as a whole and not to any particular provision of this RSA;

d. the words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation" and the word "or" is not exclusive;

e. all financial statement accounting terms not defined in this RSA shall have the meanings determined by United States generally accepted accounting principles as in effect on the date of this RSA; and

f. references to any governmental entity or any governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body, in any jurisdiction shall include any successor to such entity.

2. Effectiveness; Entire Agreement.

a. This Agreement shall be binding on each Party (i) upon and as of the RSA Effective Date, in the case of Parties who have entered into this Agreement prior to, or as of, the RSA Effective Date, or (ii) as of the date of such Party's execution and delivery of this Agreement, in the case of Parties who enter into this Agreement at any time after the RSA Effective Date.

b. Each of the exhibits attached hereto and the Definitive Documents are expressly incorporated herein and made a part of the RSA, and all references to this RSA shall include the exhibits. In the event of any conflict or inconsistency between the terms and conditions as set forth in the Backstop Agreement and this Agreement, the Backstop Agreement shall control. Notwithstanding the foregoing, nothing contained in this Section 2(b) shall affect, in any way, the requirements set forth herein for the amendment of this Agreement.

c. With the exception of non-disclosure and confidentiality agreements between certain of the Parties, the Backstop Agreement and the DIP Commitment Letter, this RSA (and its exhibits) shall constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements (oral and written) and all other prior negotiations with respect to the subject matter hereof.

3. Mutual Covenants of All Parties.

For the duration of the RSA Support Period, and subject to Section 10 and the other terms and conditions of this Agreement, each of the Parties agrees and covenants severally but not jointly (except as to the Company, which agrees and covenants jointly):

a. to support, consent to and exercise commercially reasonable efforts to consummate the Plan and the Restructuring Transactions, including the Company's filing of the Chapter 11 Cases, all aspects of the DIP Facility (including the granting of a first priority priming lien on existing and after-

acquired assets of the Company pursuant to the terms of the DIP Commitment Letter), the Rights Offering and the solicitation and confirmation of the Plan;

b. to support, execute and deliver the mutual release and exculpation provisions described in the Plan;

c. to (i) negotiate in good faith, execute and deliver each of the Definitive Documents (as applicable), each of which shall be consistent with the Plan and in form and substance satisfactory to the Requisite Supporting Noteholders, and (ii) in the case of the Parties preparing the Definitive Documents, timely deliver drafts of all such Definitive Documents (as applicable) such that the other Parties (as applicable) shall have sufficient time to review and provide comments on the same;

d. to (i) cooperate with each of the other Parties, (ii) take such action as may be reasonably necessary or reasonably requested by the other Parties to carry out the purposes and intent of this Agreement, including making and filing any required regulatory filings, and (iii) refrain from taking any action that would frustrate the purposes and intent of this Agreement;

e. not seek to unwind or otherwise challenge the Pre-Filing Corporate Reorganization (as defined below);

f. subject to and without limiting the Company's rights and obligations in Section 9 hereof, not to, directly or indirectly, through any person or entity, seek, solicit, initiate, propose, encourage, support, assist, engage in negotiations in connection with, enter into agreement with any person or entity concerning, or participate in the formulation, preparation, filing or prosecution of, any actual or proposed Alternative Transaction;

g. not to, directly or indirectly, take any action that is inconsistent with or is intended or that could reasonably be expected to prevent, interfere with, delay or impede the solicitation of votes on the Plan, approval of the Disclosure Statement Motion, the Solicitation Procedures and Materials, and the confirmation of the Plan and consummation of the Restructuring Transactions; and

h. consent to the First Day Motions;

provided, *however*, that nothing in this Section 3 shall require any Supporting Noteholder to incur any material expenses, liabilities or other obligations, or agree to any commitments, undertakings, concessions, indemnities or other arrangements that could result in material expenses, liabilities or other obligations to any Supporting Noteholder (except as expressly provided in the Backstop Agreement and the DIP Commitment).

4. Additional Covenants of the Supporting Noteholders.

For the duration of the RSA Support Period (subject to Section 10 hereof and the other terms and conditions of this Agreement), each Supporting Noteholder (solely on its own behalf and not on behalf of any other Supporting Noteholder) hereby agrees and covenants severally but not jointly:

a. when, and to the extent, solicited (and subject to the acknowledgements set forth in Section 30 hereof), after the Bankruptcy Court has entered the Disclosure Statement Order and following the commencement of the solicitation and its actual receipt of the Disclosure Statement and the Solicitation Procedures and Materials, to vote each of its Second Lien Note Claims and Subordinated Note Claims now or hereafter beneficially owned by it or for which it now or hereafter serves as the nominee, investment manager or advisor for beneficial holders, if applicable, and for which it has voting power, to (A) accept the Plan by delivering its duly executed and completed ballot accepting the Plan on a timely basis, and (B) not change or withdraw (or cause to be changed or withdrawn) such vote; *provided, however,* that such vote may, upon written notice to the Company and the other Parties, be revoked by any Supporting Noteholder (and, upon such revocation, deemed void *ab initio*) within a reasonable time period in accordance with applicable Bankruptcy Court orders and Bankruptcy Rules, following the termination of this Agreement in accordance with the terms hereof;

b. to the extent entitled to vote thereon, to timely vote or cause to be voted each of its Second Lien Note Claims, Subordinated Note Claims and other claims or equity interests, if any, against any Alternative Transaction or any plan of reorganization, other than the Plan;

c. to forbear from the exercise of any rights or remedies it may have under the Second Lien Notes or Subordinated Notes, in each case, with respect to any defaults or events of default which may arise under the Second Lien Notes or Subordinated Notes occurring at any time on or before the termination of this Agreement; *provided* that except as expressly provided in this Agreement, nothing herein is intended to, does or shall be deemed in any manner to waive, limit, impair, or restrict the ability of each of the Supporting Noteholders to preserve its rights, remedies and interests, including, but not limited to, its claims against or interests in any of the Debtors or any liens or security interests it may now or hereafter have or benefit from in any assets of the Company, in each case, so long as such actions are not inconsistent with such Supporting Noteholder's obligations hereunder; and

d. not to, directly or indirectly, (i) sell, assign, transfer, permit the participation in, or otherwise dispose of any ownership (including any beneficial ownership) in the Second Lien Note Claims or the Subordinated Note Claims, in whole or in part, or (ii) grant any proxies, deposit any of such Supporting Noteholder's interests in a Second Lien Note Claim or Subordinated Note

Claim, into a voting trust, or enter into a voting agreement with respect to any such claims, unless in compliance with the requirements of Section 14 of this Agreement;

provided, *however*, that nothing in this Section 4 shall require any Supporting Noteholder to incur any material expenses, liabilities or other obligations, or agree to any commitments, undertakings, concessions, indemnities or other arrangements that could result in material expenses, liabilities or other obligations to any Supporting Noteholder (except as expressly provided in the Backstop Agreement and the DIP Commitment).

Notwithstanding the foregoing, nothing in this Agreement shall limit any of the rights or remedies of the agent or the DIP Lenders under the DIP Credit Agreement or any of the DIP Orders.

5. Additional Affirmative Covenants of the Company.

For the duration of the RSA Support Period, the Company hereby covenants and agrees severally and jointly to do (and to cause each of its direct or indirect subsidiaries to do) each of the following:

a. to take any and all necessary and appropriate actions to consummate the Restructuring Transactions;

b. to commence the Chapter 11 Cases within one (1) calendar day of the RSA Effective Date and in any event on or before December 17, 2015 (the "Outside Petition Date", and the actual commencement date, the "Petition Date");

c. to (i) file the Plan, the Disclosure Statement, the RSA Agreement Motion, the Backstop Agreement Motion and (other than as provided in (ii)) the First Day Motions with the Bankruptcy Court on the Petition Date, and (ii) file the Disclosure Statement Motion and applications to employ Professionals with the Bankruptcy Court on or within one (1) calendar day after the First Day Hearing Date, and with respect to both (i) and (ii), exercise commercially reasonable efforts to obtain approval of each of the foregoing as soon as practicable, and in any event no later than the timelines contemplated by this Agreement, the Backstop Agreement and the DIP Commitment Letter, and obtain a waiver of Bankruptcy Rule 6004(h) and request that the Backstop Agreement Order, the RSA Agreement Order and the Disclosure Statement Order each be effective immediately upon its entry by the Bankruptcy Court, and that such orders shall not be subject to revision, modification or amendment by further order of the Bankruptcy Court;

d. to file the DIP Facility Motion with the Bankruptcy Court on the Petition Date and exercise commercially reasonable efforts to obtain interim and final DIP Orders (which DIP Orders shall be in form and substance satisfactory to the Requisite Supporting Noteholders) as soon as reasonably practicable, and in any event no later than the timelines contemplated by this Agreement and the DIP Commitment Letter;

e. to obtain entry of the Confirmation Order as soon as reasonably practicable, and exercise commercially reasonable efforts to cause the Confirmation Order to become effective and enforceable immediately upon its entry and to have the period in which an appeal thereof must be filed commence immediately upon its entry, and, in any event, satisfy all conditions to the effectiveness of the Plan and consummate the Plan as soon as reasonably practicable, in each case and in any event no later than the timelines contemplated by this Agreement, the Backstop Agreement and the DIP Commitment Letter;

f. to exercise commercially reasonable efforts to obtain any and all required regulatory and/or third-party approvals for the Restructuring Transactions, if any;

g. to provide draft copies of all First Day Motions the Company intends to file with the Bankruptcy Court to Stroock at least three (3) business days prior to the Petition Date, provide draft copies of all Definitive Documents and all other motions, applications or material pleadings the Company intends to file with the Bankruptcy Court to the respective legal and financial advisors for the Initial Supporting Noteholders, afford such legal and financial advisors to the Initial Supporting Noteholders a reasonable opportunity to comment and review same in advance of any filing or execution thereof, consider in good faith any comments received from the legal and financial advisors to the Initial Supporting Noteholders with respect to any such documents and, to the extent the Company disagrees with, or determines not to incorporate, any such comments, discuss the same with the respective legal and financial advisors to the Initial Supporting Noteholders, and exercise commercially reasonable efforts to seek Bankruptcy Court approval of each of the foregoing as soon as commercially practicable, and in any event no later than the timelines contemplated by this Agreement, the Backstop Agreement and the DIP Commitment Letter;

h. to provide to Stroock as soon as reasonably practicable, and in any event no later than five (5) business days before the commencement of the hearing to consider the Disclosure Statement Motion, a schedule of executory contracts and unexpired leases (if any) the Company intends to reject, which schedule shall be in form and substance satisfactory to the Initial Supporting Noteholders, and not file with the Bankruptcy Court any motion, plan or other document seeking to reject any such executory contract or unexpired lease without the consent of the Requisite Supporting Noteholders;

i. to continue to operate the Company's assets and businesses in the ordinary course of business, consistent with past practice, and confer with the Initial Supporting Noteholders and/or their respective professionals, as reasonably requested, to report on operational matters and the general status of ongoing operations;

j. to maintain their good standing under the laws of each state in which they are incorporated or organized and each state in which they own or operate any properties;

k. to provide to the Initial Supporting Noteholders (subject to the execution of appropriate confidentiality agreements) the financial reports and information required to be delivered to the DIP Agent or the DIP Lenders under the DIP Credit Agreement (including, without limitation, the reports and information required to be delivered under Section 5.1(a) of the DIP Credit Agreement);

l. to provide the Initial Supporting Noteholders (subject to the execution of confidentiality agreements) and/or their respective professionals, upon reasonable advance notice to the Company, with (A) reasonable access (without any material disruption to the conduct of the Company's business) during normal business hours to the Company's books, records and facilities, and (B) reasonable access to the management employees and advisors of the Company for the purposes of evaluating the Company's finances and operations and participating in the planning process with respect to the Restructuring and the operations of the Company following the RSA Effective Date;

m. to convene a conference call on the second and fourth Tuesday of each month with the Initial Supporting Noteholders (subject to the execution of confidentiality agreements) and/or their respective professionals to discuss the Company's business and financial condition, which conference calls will include the Company's management and financial and legal advisors; *provided*, *however*, to the extent any such call is missed or needs to be rescheduled, the Company shall have until the immediate Tuesday thereafter to convene the call;

n. to timely file with the Bankruptcy Court a formal written objection to any motion filed with the Bankruptcy Court by a third party seeking the entry of an order (A) directing the appointment of an examiner with expanded powers or a trustee, (B) converting any of the Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code, (C) dismissing any of the Chapter 11 Cases, or (D) modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization;

o. in the event that the Company (including all subsidiaries and representatives) receives a term sheet or other written proposal or offer or comprehensive oral proposal (binding or nonbinding) with respect to any Alternative Transaction, to provide written notice thereof to the respective professionals of the Initial Supporting Noteholders within two (2) business days following receipt of such proposal or offer, provide a copy of such proposal or offer to such professionals within three (3) business days following the Company's receipt of such proposal or offer and provide such professionals with a copy of the Company's response to such proposal or offer when such response is delivered to the party submitting such proposal or offer;

p. to provide prompt written notice to the respective professionals of the Initial Supporting Noteholders of (A) any fact, event, occurrence or failure of any event to occur, which could reasonably be likely to cause (1) any representation or warranty of the Company contained in this Agreement or the Backstop

Agreement to be untrue or inaccurate in any material respect, (2) any covenant of any of the Company contained in this Agreement or the Backstop Agreement not to be satisfied in any material respect, or (3) any condition precedent contained in the Plan, the Plan Supplement, the Backstop Agreement, any other Definitive Documents or this Agreement not to occur or become impossible to satisfy, (B) receipt of any written notice from any third party alleging that the consent of such party is or may be required in connection with the transactions contemplated by the Restructuring, (C) receipt of any written notice from any governmental body in connection with this Agreement or the transactions contemplated by the Restructuring, (D) receipt of any written notice of any proceeding commenced, or, to the knowledge of the Company, threatened against the Company, relating to or involving or otherwise affecting in any material respect the transactions contemplated by the Restructuring, and (E) any failure of the Company to comply, in any material respect, with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder or under the Backstop Agreement;

q. to promptly notify the Supporting Noteholders or their respective professionals in writing of any fact, occurrence or event which would reasonably be anticipated to have a Material Adverse Effect;

r. (1) to pay, prior to the Petition Date, all Noteholder Fees and Expenses that accrued but remain unpaid as of immediately prior to the Petition Date, and (2) to pay, following commencement of the Chapter 11 Cases, regardless of whether the Restructuring is consummated, all Noteholder Fees and Expenses actually incurred prior to the termination of this Agreement;

s. in consideration for the Company's right to call the Backstop Commitments (as defined in the Backstop Agreement) of the Backstop Parties (as defined in the Backstop Agreement) to purchase the Unsubscribed Notes (as defined in the Backstop Agreement) in accordance with and subject to the terms of the Backstop Agreement, the Debtors shall issue to the Backstop Parties (or their designees) an additional amount of New First Lien Notes in an aggregate principal amount equal to $5 million, as described in and subject to the terms and conditions set forth in the Backstop Agreement and this Agreement; and

t. in consideration for the Debtors' right to require the DIP Lenders to surrender all claims for payment of the principal portion of the DIP Loan Claims (as defined in the Plan) in exchange for DIP Exchange Notes (as defined in the Plan) in accordance with and subject to the terms and conditions of the Plan, the Debtors shall issue to the DIP Lenders (or their designees) an additional amount of New First Lien Notes in an aggregate principal amount equal to $5.25 million, as described in and subject to the terms and conditions set forth in the Backstop Agreement and this Agreement.

6. Additional Negative Covenants of the Company.

For the duration of the RSA Support Period, the Company hereby covenants and agrees severally and jointly not to do or permit to occur (and shall not permit any of its direct or indirect subsidiaries to do or permit to occur) any of the following, except in any instance as may otherwise be approved in writing by the Requisite Supporting Noteholders in their sole discretion:

a. take any action inconsistent with, or omit to take any action contemplated or required by, this Agreement, the Backstop Agreement or the other Definitive Documents (as applicable);

b. take any steps or actions, or fail to take any steps or actions, the result of which would be reasonably likely to result in the inability to satisfy each of the conditions to closing or effectiveness under the DIP Commitment Letter, the Backstop Agreement, this Agreement, the Plan or any other Definitive Documents;

c. take any action or make any filing or commencing any action challenging the validity, enforceability, perfection, priority or amount of, or seeking avoidance of the liens securing the Second Lien Note Claims, or otherwise seek to restrict the rights of the holders of the Second Lien Notes; *provided*, *however*, that this shall not be admission or agreement by the Debtors that the liens securing the Second Lien Notes extend to the After-Acquired Leases;

d. issue, sell, pledge, dispose of or encumber any additional shares of, or any options, warrants, conversion privileges or rights of any kind to acquire any shares of, any of its equity interests, including, without limitation, capital stock or partnership interests (other than the Rights, as defined in the Plan);

e. amend or propose to amend its respective certificate or articles of incorporation, bylaws or comparable organizational documents;

f. split, combine or reclassify any outstanding shares of its capital stock or other equity interests, or declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to any of its equity interests;

g. redeem, purchase or acquire or offer to acquire any of its equity interests, including, without limitation, capital stock or partnership interests;

h. acquire or divest (by merger, exchange, consolidation, acquisition of stock or assets or otherwise) (A) any corporation, partnership, limited liability company, joint venture or other business organization or division, or (B) assets of the Company, other than in the ordinary course of business;

i. fail to comply with any aspect of Section 6.21 of the DIP Credit Agreement;

j. incur or suffer to exist any indebtedness, except indebtedness existing and outstanding immediately prior to the date hereof, trade payables and liabilities arising and incurred in the ordinary course of business, and indebtedness arising under the DIP Credit Agreement;

k. incur any liens or security interests, other than those existing immediately prior to the date hereof;

l. enter into any commitment or agreement with respect to debtor-in-possession financing, cash collateral and/or exit financing, except for the DIP Credit Agreement and the Definitive Documents;

m. enter into any executive employment agreements, collective bargaining agreements or benefit plans, or modify any existing employment agreements, collective bargaining agreements or benefit plans in any manner adverse to the Company;

n. hire any executive or employee whose total annual compensation is greater than $100,000 or increase the compensation for any executive or employee whose total annual compensation is, or as a result of such increase would be, greater than $100,000, other than in respect of annual compensation increases in an amount not greater than 4% for any individual executive or employee, in each case, in the ordinary course of business consistent with past practices;

o. allow or settle claims or any pending litigation for more than $100,000 per claim individually, or $200,000 in the aggregate; or

p. except as otherwise required hereunder or under the Plan, the DIP Credit Agreement or the Backstop Agreement, NGR Holdings shall not own any assets (other than equity interests of the subsidiaries of NGR Holdings on the date this Agreement was executed), incur any liabilities (other than its guarantee of the Senior Notes, as defined in the Plan), or conduct, transact or otherwise engage in, any business, operations or activities other than activities that are incidental (i) to its ownership of the equity interests of its subsidiaries, or (ii) to the maintenance of its legal existence.

7. Automatic Stay. The Company acknowledges and agrees and shall not dispute that after the commencement of the Chapter 11 Cases, the giving of notice of termination by any Party pursuant to this Agreement or the Backstop Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and the Company hereby waives, to the greatest extent possible, the applicability of the automatic stay to the giving of such notice).

8. Pre-Filing Corporate Reorganization. Prior to the Petition Date, the Company will have effectuated a corporate reorganization, in form and substance satisfactory to the Company and the Requisite Supporting Noteholders, by which, among other things, NGR Holdings, an entity classified as an association taxable as a corporation for U.S. federal income tax purposes, will become the parent entity of New Gulf through a merger transaction and NGR Holdings guaranteed the Second Lien Notes (the "Pre-Filing Corporate Reorganization").

9. Fiduciary Duty Out. Notwithstanding anything to the contrary contained herein, (a) nothing herein requires the Company or its board of managers or officers to breach any fiduciary obligations they have under applicable law, and (b) to the extent that such fiduciary obligations, upon advice from external counsel, require the Company, its officers or its board of managers to terminate the Company's obligations under this Agreement and the Plan, the Company may do so, upon advice from external counsel, subject to the Company's compliance with Section 5(o) and Section 15(c)(i) hereof (including the requirement to provide the Initial Supporting Noteholders with at least three (3) business days' advance written notice of the board of managers' intention to so terminate this Agreement and to consider in good faith any proposals that may be made by the Initial Supporting Noteholders during such three (3) business day period relating to potential modifications to the Plan), in which case the Company shall provide written notice of such termination to the respective professionals to the Initial Supporting Noteholders (the "Fiduciary Duty Out"); *provided*, *however*, that if the Fiduciary Duty Out is exercised as a basis to breach the Company's obligations hereunder, or if a Triggering Event (as defined in the Backstop Agreement) occurs, then the Backstop Parties (as defined in the Backstop Agreement) shall receive the Liquidated Damages Payment (as defined in the Backstop Agreement) in accordance with the terms of the Backstop Agreement.

10. Preservation of Rights.

Notwithstanding anything contained herein to the contrary, nothing in this RSA shall (i) be deemed to detract from or interfere with any exercise by any of the Supporting Noteholders of their rights under the Backstop Agreement, the DIP Credit Agreement or the Plan or obligate the Supporting Noteholders to waive any right or condition under the Backstop Agreement, the DIP Credit Agreement or the Plan, (ii) limit the ability of any Supporting Noteholder to consult with the Company, to appear and be heard or to file objections concerning any matter arising in the Chapter 11 Cases, so long as such consultation, appearance or objection is not inconsistent with such Supporting Noteholder's obligations under this Agreement or the terms of the Plan and the other transactions contemplated by this Agreement, the Backstop Agreement and the Plan, (iii) limit the ability of any Supporting Noteholder to consult with other Supporting Noteholders, the Company or any Party, or to appear, object, support and participate as a party in interest concerning any matter arising under or related to the Chapter 11 Cases, so long as such consultation, appearance, objection, support or participation is not inconsistent with such Supporting Noteholder's obligations under this RSA, the terms of the Plan, and the Definitive Documents, (iv) limit the ability of a Supporting Noteholder to sell or enter into any transactions in connection with the Second Lien Notes or Subordinated Notes or any other claims against or interests in the Company, subject to the terms of Section 14 hereof, or (v) be deemed in any manner to waive, limit, impair, or restrict the ability of each of the Supporting Noteholders to preserve its rights, remedies and interests, including, but not limited to, its claims against or interests in any of the Debtors or any liens or security interests it may now or hereafter have or benefit from in any assets of the Company, in each case, so long as such actions are not inconsistent with such Supporting Noteholder's obligations hereunder.

This Agreement and the Plan are part of a proposed settlement of a dispute among the Parties. If the transactions contemplated herein are not consummated following the date of termination of this Agreement, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights and the Parties expressly reserve any and all of their respective

rights. This Agreement and the negotiations thereof are subject to Federal Rule of Evidence 408 and related applicable rules of evidence.

11. Mutual Representations and Warranties of All Parties.

Each Party severally but not jointly represents and warrants to each of the other Parties that, as of the date hereof (or as of the date a Supporting Noteholder becomes a party hereto):

a. such Party is validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, and it has all requisite power and authority to enter into this RSA, carry out the transactions contemplated hereby and perform its obligations under this RSA;

b. the execution and delivery of this RSA and the performance of its obligations hereunder (A) have been duly authorized by all necessary action on its part; (B) do not and will not (i) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its charter or bylaws (or other similar governing documents) or those of any of its subsidiaries, or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party;

c. this RSA constitutes the legally valid and binding obligation of such Party, enforceable against it in accordance with the terms hereof, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability or a ruling of the Bankruptcy Court; and

d. Each Party has reviewed, or has had the opportunity to review, with the assistance of professional and legal advisors of its choosing, all information it deems necessary and appropriate for such party to evaluate the financial risks inherent in the Restructuring Transactions and accept the terms of the Plan.

12. Additional Representations and Warranties by the Supporting Noteholders.

The Supporting Noteholders severally but not jointly represent and warrant that, as of the date hereof:

a. Holdings by Supporting Noteholders. Each such Supporting Noteholder (A) either (i) is the sole beneficial owner of the principal amount of the Second Lien Note Claims and (if applicable) Subordinated Note Claims set forth on such Supporting Noteholders' signature page hereto, or (ii) has sole investment or voting discretion with respect to the principal amount of such Second Lien Note Claims and (if applicable) Subordinated Note Claims as set forth herein and has the power and authority to bind the beneficial owners of such claims to the terms of the RSA, and (B) has full power and authority to

act on behalf of, vote, and consent to matters concerning such Second Lien Note Claims and (if applicable) Subordinated Note Claims and to dispose of, exchange, assign, and transfer such claims, including the power and authority to execute and deliver the RSA and to perform its obligations thereunder.

b. No Prior Transfers. As of the date hereof, with respect to the Second Lien Note Claims and (if applicable) the Subordinated Note Claims held by each Supporting Noteholder member as set forth on such Noteholder's signature page hereto, such Supporting Noteholder has made no assignment, sale, participation, grant, conveyance or other transfer of, and has not entered into any other agreement to assign, sell, participate, grant,convey or otherwise transfer, in whole in or part, any portion of its right, title, or interests in any such claims that are subject to the RSA that conflict with the representations and warranties of such Supporting Noteholder therein or would render such Supporting Noteholder otherwise unable to comply with the RSA and perform its obligations thereunder.

13. Additional Representations and Warranties by the Company.

NGR Holdings (a) does not own, and since its formation has not owned, any assets (other than equity interests of the subsidiaries of NGR Holdings on the date this Agreement was executed), (b) does not have, and since its formation has not had or incurred, any liabilities (other than in respect of any Second Lien Notes that may be guaranteed by NGR Holding in furtherance of the Pre-Filing Reorganization and the Plan), and (c) does not conduct, transact or otherwise engage in, and since its formation has not conducted, transacted or engaged in, any business, operations or activities other than activities that are incidental (i) to its ownership of the equity interests of its subsidiaries, or (ii) to the maintenance of its legal existence.

14. Transfer Restrictions.

During the RSA Support Period, no Supporting Noteholder shall (i) sell, assign, transfer, permit the participation in, or otherwise dispose of any interest (including any beneficial ownership) in such Supporting Noteholder's Second Lien Note Claims or Subordinated Note Claims, in whole or in part, or (ii) grant any proxies, deposit any of such Supporting Noteholder's interests in a Second Lien Note Claim or Subordinated Note Claim, into a voting trust, or enter into a voting agreement with respect to any such claims (collectively, the actions described in clauses (i) and (ii), a "Transfer"), unless it satisfies the following requirements (a transferee that satisfies such requirements, a "Permitted Transferee," and such Transfer, a "Permitted Transfer"):

a. the transferee thereof either (A) is already a Supporting Noteholder (in which case, the acquiring Supporting Noteholder's obligations hereunder shall automatically extend to the additional Second Lien Notes or Subordinated Notes so acquired), or (B) prior to such Transfer, agrees in writing for the benefit of the Parties to become a Supporting Noteholder and to be bound by all of the provisions of this Agreement applicable to Supporting Noteholders (including

with respect to any and all Second Lien Notes or Subordinated Notes it may already hold) by executing a joinder to this Agreement in form and substance acceptable to the Company and the Requisite Supporting Noteholders (excluding, in determining the Requisite Supporting Noteholders for purposes of approving such joinder, any Second Lien Notes that are the subject of such Transfer) and delivering an executed copy thereof to the Company; and

b. the intended transferee executes and delivers to counsel to the Company and Stroock on the terms set forth below an executed form of the transfer agreement acceptable to the Requisite Supporting Noteholders and the Company (a "Transfer Agreement") before such Transfer is effective, it being understood that any Transfer shall not be effective until notification of such Transfer and a copy of the executed Transfer Agreement is received by counsel to the Company and Stroock, in each case, on the terms set forth herein.

Upon any such Permitted Transfer, (1) such Permitted Transferee shall be deemed to be a Supporting Noteholder with respect to such transferred Second Lien Notes and/or Subordinated Notes (and any and all Second Lien Notes and/or Subordinated Notes it already may hold prior to such Transfer), and (2) the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement solely to the extent of such transferred Second Lien Notes and/or Subordinated Notes (without, however, affecting its obligations under the Backstop Agreement or the DIP Commitment).

Notwithstanding anything to the contrary herein, (i) the foregoing provisions shall not preclude any Supporting Noteholder from transferring Second Lien Note Claims and Subordinated Note Claims to any related funds, managed accounts, affiliates or any other entity that it controls, is controlled by or is under common control with such Supporting Noteholder (each, a "Noteholder Affiliate"), which Noteholder Affiliate shall be automatically bound by the RSA upon the transfer of such Second Lien Note Claims or Subordinated Note Claims, provided that such entity shall execute a joinder hereto and notice shall be provided to Stroock, and (ii) a Qualified Marketmaker[1] that acquires any of the Second Lien Notes, Subordinated Notes, or other claims against or interests in the Company with the purpose and intent of acting as a Qualified Marketmaker for such Second Lien Notes, Subordinated Notes, or other claims against or interests in the Company, shall not be required to execute and deliver to counsel a Transfer Agreement or otherwise agree to be bound by the terms and conditions set forth in this RSA if such Qualified Marketmaker transfers such claims or interests (by purchase, sale, assignment, participation, or otherwise) within five business days of its acquisition to a Supporting Noteholder or Permitted Transferee (including, for the avoidance of doubt, the requirement that such transferee execute a Transfer Agreement) and the transfer otherwise is a Permitted Transfer.

[1] As used herein, the term "Qualified Marketmaker" means an entity that (a) holds itself out to the public or the applicable private markets as standing ready in the ordinary course of business to purchase from customers and sell to customers Claims of the Company (or enter with customers into long and short positions in Claims against the Company), in its capacity as a dealer or market maker in claims against the Company and (b) is, in fact, regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

This RSA shall in no way be construed to preclude a Supporting Noteholder or any of its Noteholder Affiliates from acquiring additional Second Lien Notes, Subordinated Notes or any other claim against or interests in the Company. To the extent any Supporting Noteholder (i) acquires additional Second Lien Note Claims or Subordinated Note Claims, (ii) holds or acquires any other claims against the Company entitled to vote on the Plan, or (iii) holds or acquires any equity interests in the Company entitled to vote on the Plan, then, in each case, each such Supporting Noteholder shall promptly notify Stroock of such holdings and/or acquisition (including the amount of same) and each such Supporting Noteholder agrees that such claims or equity interests shall automatically be deemed subject to this Agreement (regardless of when or whether notice of such holding and/or acquisition is given), and that, for the duration of the RSA Support Period, it shall vote (or cause to be voted) any such additional claims or equity interests entitled to vote on the Plan (in each case, to the extent still held by it or on its behalf at the time of such vote) in a manner consistent with this Section 14 and Section 4 hereof.

Any Transfer made by a Supporting Noteholder in violation of this provision shall be void *ab initio*, and the Company and the other Supporting Noteholders shall have the right to enforce the voiding of such Transfer. Any Supporting Noteholder that effectuates a Permitted Transfer to a Permitted Transferee shall have no liability under this RSA arising from or related to the failure of the Permitted Transferee to comply with the terms of this RSA; *provided, however*, that such Transfer shall not release any Supporting Noteholder who is also a Backstop Party or a DIP Lender from its obligations under such Backstop Party's Backstop Commitment or DIP Commitment (as applicable), it being understood that any Transfer of Backstop Commitments or DIP Commitments shall be governed by the Backstop Agreement and the DIP Commitment Letter or the DIP Credit Agreement (as applicable).

15. Termination of Obligations.

(a) **Mutual Termination:** This Agreement and the obligations of all Parties hereunder may be terminated by mutual agreement of the Company and the Requisite Supporting Noteholders, upon the receipt of written notice delivered to all the Parties in accordance with Section 25 hereof.

(b) **Automatic Termination:** This Agreement and the obligations of all Parties hereunder shall automatically terminate without any further action or notice of any party upon the occurrence of one of the following events:

(i) the Backstop Agreement shall not have been executed by the Company prior to the Petition Date;

(ii) the Backstop Agreement shall have been terminated in accordance with its terms;

(iii) the Bankruptcy Court enters an order converting the Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code, appointing a trustee or custodian for the Company or dismissing the Chapter 11 Cases; or

(iv) immediately following the date and time of the occurrence of the Effective Date under the Plan and the completion and consummation of the Restructuring Transactions.

(c) **Company Termination:** The Company may terminate this Agreement, upon receipt of written notice delivered to all the Parties in accordance with Section 25 hereof, upon the occurrence of any of the following events:

(i) a determination by the board of managers of New Gulf to exercise the Fiduciary Duty Out; *provided, however*, the board of managers shall not be entitled to terminate this Agreement pursuant to exercise of the Fiduciary Duty Out unless (x) the Company has provided the Initial Supporting Noteholders with at least three (3) business days' advance written notice of the board of managers' intention to so terminate this Agreement, and (y) the board of managers considers in good faith any proposals that may be made by the Initial Supporting Noteholders during such three (3) business day period relating to potential modifications to the Plan;

(ii) a breach by one or more of the Supporting Noteholders of its/their obligations hereunder to the extent such breach would have a material adverse impact on the consummation of the Restructuring and the Restructuring Transactions, which breach is not cured within five (5) business days after the giving of written notice by the Company of such breach to such Supporting Noteholder(s); or

(iii) the Backstop Agreement shall not have been executed by the Initial Supporting Noteholders prior to the Petition Date.

(d) **Supporting Noteholder Termination:** This Agreement may be terminated by the Requisite Supporting Noteholders, effective upon receipt of written notice delivered to all the Parties in accordance with Section 25 hereof, upon the occurrence of any of the following events:

(i) the Company shall not have commenced the Chapter 11 Cases by the Outside Petition Date;

(ii) the Debtors shall not have complied with their obligations in Section 5(c) of this Agreement;

(iii) the Bankruptcy Court shall not have entered an interim DIP Order, in form and substance satisfactory to the Requisite Supporting Noteholders, approving the DIP Motion on an interim basis, within five (5) calendar days following the Petition Date;

(iv) the Bankruptcy Court shall not have entered, within thirty (30) calendar days following the Petition Date, each of the RSA Agreement Order and the Backstop Agreement Order;

(v) the Bankruptcy Court shall not have entered, within forty-five (45) calendar days following the Petition Date, (a) a final DIP Order, in form and substance

satisfactory to the Requisite Supporting Noteholders, approving the DIP Motion on a final basis, and (b) the Disclosure Statement Order;

(vi) the Bankruptcy Court shall not have entered the Confirmation Order within 130 calendar days following the Petition Date;

(vii) the satisfaction or waiver of all conditions to the effectiveness of the Plan shall not have occurred within 150 calendar days following the Petition Date;

(viii) the DIP Commitments shall have been terminated or the Termination Date (as defined in the DIP Credit Agreement) shall have occurred;

(ix) (A) an "Event of Default" (as defined in the applicable DIP Order or the DIP Credit Agreement) shall have occurred and be continuing and not waived under the DIP Credit Agreement after expiration of any applicable cure period provided therein, or (B) the termination or repayment of the DIP Facility, other than on the effective date of the Plan, shall have occurred;

(x) since the date hereof, there shall have occurred and be continuing any Material Adverse Effect;

(xi) a breach by any of the Supporting Managers of any of its obligations contained in this Agreement, to the extent such breach would reasonably be expected to have a material adverse impact on the Restructuring and the Restructuring Transactions, shall have occurred;

(xii) the breach by the Company of Section 3, Section 5 (other than Sections (g), (l), (m) and (n)) and Section 6 hereof;

(xiii) the breach by the Company of any other obligations of the Company set forth in this Agreement or the Backstop Agreement (other than those obligations described in clause (xiv) of this paragraph), without giving effect to any "materiality" qualifiers set forth therein, and such breach remains uncured for a period of seven (7) calendar days following the Company's receipt of notice from the Requisite Supporting Noteholders pursuant to Section 25 hereof;

(xiv) any representation or warranty in this Agreement made by the Company shall have been untrue in any material respect when made or shall have become untrue in any material respect, and such untrue representation or warranty remains uncured for a period of seven (7) calendar days following the Company's obtaining Knowledge (as defined in the Backstop Agreement) of such occurrence;

(xv) the RSA Agreement Order, the Backstop Agreement Order, either of the DIP Orders, the Disclosure Statement Order, the Plan or the Confirmation Order, shall have been reversed, stayed, dismissed, vacated or reconsidered or modified or amended without the consent of the Requisite Supporting Noteholders;

(xvi) any material term or condition of any of the Definitive Documents whether or not filed with the Bankruptcy Court shall be (whether due to an order of the Bankruptcy Court or otherwise) materially different or adverse to the Supporting Noteholders than as contemplated by the Plan, and such event remains unremedied for a period of five (5) business days following the Company's receipt of notice pursuant to Section 25 hereof;

(xvii) the waiver, amendment or modification of any of the Definitive Documents, or the filing by the Company of a pleading seeking to waive, amend or modify any term or condition of any of the Definitive Documents, which waiver, amendment, modification or filing is materially inconsistent with this Agreement or the Plan;

(xviii) the Company (including its officers, managers, employees, agents or other representatives) (A) withdraws the Plan or publicly announces its intention to withdraw the Plan or to enter into, an agreement (including, without limitation, any agreement in principle, letter of intent, memorandum of understanding or definitive agreement), whether binding or non-binding, or whether subject to terms and conditions, with respect to any Alternative Transaction, (B) files any pleading or document with the Bankruptcy Court agreeing to, evidencing its intention to support, or otherwise supports, any Alternative Transaction, (C) consummates any Alternative Transaction, or (D) takes any action that is materially inconsistent with or is intended or that could reasonably be expected to prevent, interfere with, delay or impede the solicitation of votes on the Plan, approval of the Disclosure Statement Motion, the Solicitation Procedures and Materials, and the confirmation of the Plan and consummation of the Restructuring Transactions;

(xix) the Bankruptcy Court enters a judgment or order approving, in whole or in part, any motion, application or adversary proceeding challenging the validity, enforceability, perfection, priority or amount of, or seeking avoidance of the Second Lien Note Claims or the liens securing the Second Lien Note Claims or, other than as expressly contemplated by this Agreement, asserting any other cause of action against and/or seeking to restrict the rights of holders of Second Lien Notes in their capacity as such (or the Company supports any such motion, application or adversary proceeding commenced by any third party or consents to the standing of such party); *provided*, *however*, that nothing in this subsection applies with respect to the After-Acquired Leases;

(xx) the Company shall have failed to issue a press release or similar public release announcing this Agreement and directing attention to a website from which this Agreement (including all exhibits) (with such redactions as may be reasonably requested by counsel to the Initial Supporting Noteholders to the extent permitted by law) may be downloaded or otherwise accessed by the general public; *provided*, *however*, that the principal amount of Second Lien Notes and Subordinated Notes listed on each Supporting Noteholder's signature page shall be redacted and shall not be filed publicly, except as required by law;

(xxi) the Bankruptcy Court enters an order authorizing or directing the assumption, assumption and assignment, or rejection of an executory contract (including any employment agreement, severance agreement or other employee benefit plan) or unexpired lease (or the Company files, supports or consents to a motion, application or adversary proceeding

seeking such relief), in each case, without the consent of the Requisite Supporting Noteholders (which consent shall not be unreasonably withheld);

(xxii) the Bankruptcy Court grants relief that (A) is inconsistent with this Agreement in any material respect or (B) would, or would reasonably be expected to, frustrate the purposes of this Agreement, including by preventing the consummation of one or more of the Restructuring Transactions (or the Company files, supports or consents to a motion, application or adversary proceeding seeking such relief);

(xxiii) the Bankruptcy Court enters an order, modifying or terminating the Company's exclusive right to file and/or solicit acceptances of a plan of reorganization (or the Company files, supports or consents to a motion, application or adversary proceeding seeking such relief); or

(xxiv) the Bankruptcy Court grants relief terminating, annulling or modifying the automatic stay (as set forth in section 362 of the Bankruptcy Code) with regard to any assets of the Company having an aggregate fair market value in excess of $250,000 in the aggregate; *provided*, *however*, that any modification of the automatic stay expressly provided for by a DIP Order shall not permit the Requisite Supporting Noteholders to terminate this Agreement pursuant to this Section 15(d)(xxiv).

(e) **Company or Noteholder Termination:** The Company or the Requisite Supporting Noteholders may terminate this Agreement, upon receipt of written notice delivered to all the Parties in accordance with Section 25 hereof, in the event that any governmental authority, including any regulatory authority or court of competent jurisdiction, shall have issued any ruling, judgment, order, injunction or other decree which restrains, enjoins or otherwise prohibits or renders illegal the implementation of the Restructuring Transactions and/or the Plan.

(f) **Effect of Termination:** If this Agreement is terminated pursuant to this Section 15, upon such termination (and except as provided in Section 18 hereof as to those provisions that survive termination), this Agreement shall forthwith become void and of no further force or effect, and all further liabilities, obligations, commitments or agreements of each of the Parties hereunder shall be immediately and automatically terminated; *provided* that each Party shall have all rights and remedies that it would have had and shall be entitled to take all actions, whether with respect to the Restructuring or otherwise, that it would have been entitled to take had it not entered into this Agreement, including all rights and remedies available to it under applicable law. Upon a termination of this Agreement in accordance with this Section 15, no Party hereto shall have any continuing liability or obligation to any other Party hereto and the provisions of this Agreement shall have no further force or effect; *provided* that no such termination shall relieve any party from liability for its breach or non-performance of its obligations hereunder prior to the date of such termination. Upon any such termination of this Agreement, each Supporting Noteholder may, upon written notice to the Company and the other Parties, revoke its vote or any consents given by such Supporting Noteholder prior to such termination, whereupon any such vote or consent shall be deemed, for all purposes, to be null and void *ab initio* and shall not be considered or otherwise used in any manner by the Parties in connection with the Restructuring and this Agreement. If this Agreement has been terminated in accordance with this Section 15 at a time when permission of the Bankruptcy Court shall be

required for a Supporting Noteholder to change or withdraw (or cause to change or withdraw) its vote to accept the Plan, the Company shall support and not oppose any attempt by such Supporting Noteholder to change or withdraw (or cause to change or withdraw) such vote at such time, subject to all remedies available to the Company at law, equity, or otherwise, including those remedies set forth in Section 16 hereof. The Supporting Noteholders shall have no liability to the Company or to each other in respect of any termination of this Agreement in accordance with the terms hereof.

16. Specific Performance.

It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this RSA by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief (without securing or posing of a bond or the necessity of proof of actual damages) as a remedy of any such breach, including an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

17. Counterparts.

This RSA and any amendments, waivers, consents, or supplements hereto or in connection herewith may be executed in multiple counterparts (including by means of telecopied or electronically transmitted signature pages), all of which taken together shall constitute one and the same RSA. Execution copies of this Agreement may be delivered by facsimile or otherwise, which shall be deemed to be an original for the purposes of this paragraph.

18. Survival.

Notwithstanding the termination of this Agreement pursuant to Section 15 hereof, the agreements and obligations of the Parties in this Section 18 and Sections 3(h), 5(r), 7, 10, 15(f), 19, 20, 22, 26, 30 and 31 hereof (and any defined terms used in any such Sections) shall survive such termination and shall continue in full force and effect for the benefit of the Parties in accordance with the terms hereof; *provided*, *however*, that any liability of a Party for failure to comply with the terms of this Agreement shall survive such termination.

19. Disclosure / Publicity.

On or before the commencement of the Chapter 11 Cases, subject to the provisions set forth in Section 20 hereof, the Company shall disseminate a press release disclosing the existence of this Agreement and the terms hereof and of the Plan (including any schedules and exhibits thereto that are filed with the Bankruptcy Court) with such redactions as may be reasonably requested by the Initial Supporting Noteholders to maintain the confidentiality of the items identified in Section 20 hereof, except as otherwise required by law. In the event that the Company fails to make the foregoing disclosures in compliance with the terms specified herein, any such Initial Supporting Noteholder may publicly disclose the foregoing, including, without limitation, this Agreement and all of its exhibits and schedules (subject to the redactions contemplated by Section 15 hereof), and the Company hereby waives any claims or causes of action against the Initial Supporting Noteholders arising as a result of such disclosure by an Initial Supporting Noteholder in compliance with this Agreement.

The Company shall submit drafts to Stroock of any press releases, public documents that constitute disclosure of the existence or terms of this Agreement or any amendment to the terms of this Agreement at least one (1) business day prior to making any such disclosure, and shall afford Stroock a reasonable opportunity under the circumstances to comment on such documents and disclosures and shall consider any such comments in good faith. Except as required by law or otherwise permitted under the terms of any other agreement between the Company and any Initial Supporting Noteholder, no Party or its advisors shall disclose to any person (including, for the avoidance of doubt, any other Initial Supporting Noteholder), other than advisors to the Company, the principal amount or percentage of any Second Lien Notes, Subordinated Notes, or any other securities of the Company held by any Initial Supporting Noteholder, in each case, without such Initial Supporting Noteholders' prior written consent; *provided, however*, that (i) if such disclosure is required by law, subpoena, or other legal process or regulation, the disclosing Party shall afford the relevant Initial Supporting Noteholder a reasonable opportunity to review and comment in advance of such disclosure and shall take all reasonable measures to limit such disclosure (the expense of which, if any, shall be borne by the relevant Initial Supporting Noteholder), and (ii) the foregoing shall not prohibit the disclosure of the aggregate percentage or aggregate principal amount of Second Lien Notes and Subordinated Notes held by all the Initial Supporting Noteholders collectively. Notwithstanding the provisions in this Section 19, any Party may disclose, to the extent consented to in writing by an Initial Supporting Noteholder, such Initial Supporting Noteholder's individual holdings.

20. Confidentiality.

Other than as may be required by applicable law and regulation or by any governmental or regulatory authority or as may be required to comply with the terms of the RSA, no Party shall make any public announcement regarding this RSA without the consent of the other Parties, and each Party shall coordinate with the other Parties regarding communications with the press with respect to this RSA; for the avoidance of doubt, each Party shall have the right, without any obligation to any other Party, to decline to comment to the press with respect to this RSA.

Notwithstanding anything in this Agreement to the contrary, if the Company determines that any information (whether written or oral) required to be delivered under this Agreement is material non-public information within the meaning of Regulation FD of the Securities Exchange Act of 1934 ("MNPI"), the Company shall not be obligated to deliver any such MNPI to any Party (but instead shall deliver such information to such Party's professionals that have executed confidentiality agreements with the Company) unless and until, such Party has executed a confidentiality agreement, in a form reasonably satisfactory to the Company (which confidentiality agreement shall contain confidentiality arrangements substantially similar to the arrangements set forth in those certain confidentiality agreements previously entered into between the Company and the Initial Supporting Noteholders, other than with respect to the "Termination Date", as defined therein).

21. Time is of the Essence. The Parties acknowledge and agree that time is of the essence, and that they must each use best efforts to effectuate and consummate the Restructuring as soon as reasonably practicable.

22. Governing Law; Consent to Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION.

By its execution and delivery of this Agreement, each of the Parties hereto irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit, or proceeding, shall be brought, if prior to the commencement of the Chapter 11 Cases, in any federal or state court in the Borough of Manhattan, the City of New York, or, following the Petition Date, the Bankruptcy Court (the "Chosen Courts"). By execution and delivery of this Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of the Chosen Courts, generally and unconditionally, with respect to any such action, suit, or proceeding, and waives any objection it may have to venue or the convenience of the forum. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any proceeding arising out of or relating to this Agreement or the Restructuring Transactions, (i) any claim that it is not personally subject to the jurisdiction of the Chosen Courts for any reason, (ii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (iii) that (A) the proceeding in any such court is brought in an inconvenient forum, (B) the venue of such proceeding is improper or (C) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Notwithstanding the foregoing, during the pendency of the Chapter 11 Cases, all proceedings contemplated by this Section 22 shall be brought in the Bankruptcy Court.

EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

23. Independent Analysis. Each Party hereby confirms that it has made its own decision to execute this RSA based upon its own independent assessment of documents and information available to it, as it has deemed appropriate.

24. Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties hereto and no other person or entity shall be a third party beneficiary hereof.

25. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be deemed given if in writing and delivered, if contemporaneously sent by electronic mail, registered or certified mail (return receipt requested), as follows:

(a) If to one or more Supporting Noteholders, to the address set forth in such Supporting Noteholders' signature page hereto, with a copy to:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038
Attention: Kristopher M. Hansen
Erez Gilad, Esq.
Email: khansen@stroock.com
egilad@stroock.com

(b) If to the Company, to:

NGR Holding Company LLC
10441 S. Regal Boulevard, Suite 210
Tulsa, Oklahoma 74133
Attention: Madeline J. Taylor
Erik Feighner
Email: mtaylor@newgulfresources.com
efeighner@newgulfresources.com

With a copy to:

Baker Botts L.L.P.
2001 Ross Avenue
Suite 600
Dallas, Texas 75201
Attention: Luckey McDowell
Email: luckey.mcdowell@bakerbotts.com

(c) If to one or more Supporting Managers, to the address set forth in such Party's signature page hereto.

26. Successors and Assigns; Severability. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, permitted assigns, heirs, executors, administrators and representatives; *provided, however*, that nothing contained in this Section 26 shall be deemed to permit Transfers of the Second Lien Notes or Subordinated Notes other than in accordance with the express terms of this Agreement. If any provision of this Agreement, or the application of any such provision to any person or entity or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon any such determination of invalidity, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

27. Mutual Drafting. This RSA is the result of the Parties' joint efforts, and each of them and their respective counsel have reviewed this RSA and each provision hereof has been subject to the mutual consultation, negotiation, and agreement of the Parties, and the language used in this RSA shall be deemed to be the language chosen by the Parties to express their mutual intent, and therefore there shall be no construction against either Party based on any presumption of that Party's involvement in the drafting thereof.

28. Amendments. Except as otherwise expressly set forth herein, this RSA, the Plan, any exhibits or schedules hereto or thereto, and the Definitive Documents may not be waived, modified, amended, or supplemented without the written consent of (i) the Company and (ii) the Requisite Supporting Noteholders; *provided, however*, that (a) any increase or decrease in the DIP Commitment (as defined in the DIP Commitment Letter) or the Backstop Commitment (as defined in the Backstop Agreement) of any Supporting Noteholder, (b) any increase or decrease in the allocation of all or a portion of the DIP Payment (as defined in the DIP Commitment Letter) or the Put Option Notes (as defined in the Backstop Agreement) to any Supporting Noteholder, (c) any increase or decrease in the interest rate under the DIP Credit Agreement, or (d) any increase or decrease in the interest rate, conversion rate or premium amount due under the New First Lien Notes, shall, in each case, require the written consent of each affected Initial Supporting Noteholder; *provided further, however*, that any amendment, modification or waiver to the Plan or the Plan Supplement that would materially adversely affect the rights or increase the obligations of any Initial Supporting Noteholder thereunder in a manner that is disproportionate to the comparable rights and obligations of the other Initial Supporting Noteholders thereunder shall require the written consent of such Initial Supporting Noteholder; *provided further, however*, that (1) any waiver, modification, amendment or supplement to this Section 28 shall require the written consent of the Company and each of the Initial Supporting Noteholders, and (2) other than as expressly provided in this Section 28, neither the Backstop Agreement nor the DIP Credit Agreement shall be waived, amended, modified or supplemented in any way except in accordance with its respective terms.

No delay on the part of any Party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any Party of any right, power or privilege pursuant to this Agreement, or any single or partial

exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any Party otherwise may have at law or in equity.

29. Several, Not Joint. The agreements, representations, warranties, and obligations of the Parties (other than the Company) under this RSA are, in all respects, several and neither joint nor joint and several.

30. No Solicitation; Representation by Counsel; Adequate Information.

This Agreement is not and shall not be deemed to be a solicitation for votes in favor of the Plan in the Chapter 11 Cases or a solicitation to tender or exchange any of the Second Lien Notes or Subordinated Notes. The acceptances of the Supporting Noteholders with respect to the Plan will not be solicited until each Supporting Noteholder has received the Disclosure Statement and related ballots and solicitation materials, each as approved by the Bankruptcy Court.

Each Party acknowledges that it has had an opportunity to receive information from the Company and that it has been represented by counsel in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

Although none of the Parties intends that this Agreement should constitute, and they each believe it does not constitute, a solicitation or acceptance of a chapter 11 plan of reorganization or an offering of securities, each Supporting Noteholder acknowledges, agrees and represents to the other Parties that it (i) is an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act of 1933, (ii) understands that the securities to be acquired by it pursuant to the Restructuring Transactions have not been registered under the Securities Act and that such securities are, to the extent not acquired pursuant to section 1145 of the Bankruptcy Code, being offered and sold pursuant to an exemption from registration contained in the Securities Act, based in part upon such Supporting Noteholders' representations contained in this Agreement and cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available, and (iii) has such knowledge and experience in financial and business matters that such Supporting Noteholder is capable of evaluating the merits and risks of the securities to be acquired by it pursuant to the Restructuring Transactions and understands and is able to bear any economic risks with such investment.

31. Relationship Among Parties.

It is understood and agreed that no Supporting Noteholder (or any of its professionals) has any duty of trust or confidence in any kind or form with any other Supporting Noteholder and, except as expressly provided in this Agreement, there are no commitments among or between them. It is understood and agreed that any Supporting Noteholder may trade

in the claims or other debt or equity securities of the Company without the consent of the Company or any other Supporting Noteholder, subject to applicable securities laws and the terms of this Agreement *provided, however,* that no Supporting Noteholder shall have any responsibility for any such trading to any other entity by virtue of this Agreement. No prior history, pattern or practice of sharing confidences among or between the Supporting Noteholders or the Company shall in any way affect or negate this understanding and agreement.

Notwithstanding anything to the contrary herein, nothing in this Agreement shall require any Supporting Noteholder or representative of a Supporting Noteholder that becomes a member of a statutory committee that may be established in the Chapter 11 Cases to take any action, or to refrain from taking any action, in such person's capacity as a statutory committee member; *provided, however,* that nothing in this Agreement shall be construed as requiring any Supporting Noteholder to serve on any statutory committee in the Chapter 11 Cases.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective duly authorized officers, solely in their respective capacity as officers of the undersigned and not in any other capacity, as of the date first set forth above.

COMPANY:

NGR Holding Company LLC
New Gulf Resources, LLC
NGR Texas, LLC
NGR Finance Corp.

By: _____
Name: Danni Morris
Title: Chief Financial Officer

IN WITNESS WHEREOF, the Parties hereto, solely in their capacity as Supporting Managers, have caused this Agreement to be executed and delivered as of the date first set forth above.

Ralph A. Hill

Jeffrey Keith

Jason L. Squires

Brian J. Stark

James S. Brown

IN WITNESS WHEREOF, the Parties hereto, solely in their capacity as Supporting Managers, have caused this Agreement to be executed and delivered as of the date first set forth above.

Ralph A. Hill

Jeffrey Keith

Jason L. Squires

* Brian J. Stark

Brian J. Stark

James S. Brown

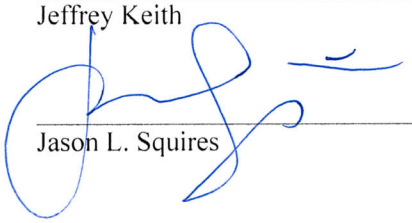
* Subject to the caveats that this is not a waiver of my objections to how we arrived at the facts as they are today nor agreement to the introductory language in the recitals that all negotiations were in good faith and at arms length.

IN WITNESS WHEREOF, the Parties hereto, solely in their capacity as Supporting Managers, have caused this Agreement to be executed and delivered as of the date first set forth above.

Ralph A. Hill

Jeffrey Keith

Jason L. Squires



Brian J. Stark

James S. Brown

IN WITNESS WHEREOF, the Parties hereto, solely in their capacity as Supporting Managers, have caused this Agreement to be executed and delivered as of the date first set forth above.

_____

Ralph A. Hill

Jeff Keith

Digitally signed by Jeff Keith
DN: cn=Jeff Keith, o, ou, email=jeff@ctchallenge.org, c=US
Date: 2015.12.15 14:44:21 -05'00'

_____

Jeffrey Keith

_____

Jason L. Squires

_____

Brian J. Stark

_____

James S. Brown

IN WITNESS WHEREOF, the Parties hereto, solely in their capacity as Supporting Managers, have caused this Agreement to be executed and delivered as of the date first set forth above.

_____
Ralph A. Hill

_____
Jeffrey Keith

_____
Jason L. Squires

_____
Brian J. Stark

_____
James S. Brown

SUPPORTING NOTEHOLDERS

Millstreet Credit Fund LP
By: Millstreet Capital Partners LLC, its General Partner

By: _____
Name: Craig M. Kelleher
Title: Managing Member

PCH Manager Fund, SPC. on behalf of and for the account of Segregated Portfolio 202
By: Millstreet Capital Management LLC, the Subadviser under a Subadvisory Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

Mercer QIF Fund plc - Mercer Investment Fund 1
By: Millstreet Capital Management LLC, the Sub-Investment Manager under a Sub-Investment Management Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

Atlantic Global Yield Opportunity Master Fund, LP
By: Millstreet Capital Management LLC, the Investment Manager under a Managed Account Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

Battery Alternative Income Fund, LLC
By: Millstreet Capital Management LLC, the Investment Manager under a Managed Account Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

SUPPORTING NOTEHOLDERS

PENNANTPARK INVESTMENT CORPORATION

By: _____

Name: Arthur Penn
Title: CEO

SUPPORTING NOTEHOLDERS

Castle Hill Enhanced Floating Rate Opportunities Limited
acting through its investment manager
Castle Hill Asset Management LLP

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olson
Title: Partner

Guardian Loan Opportunities Limited
acting through its investment manager
Castle Hill Asset Management LLP

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olson
Title: Partner

Castle Hill Total Return Master Fund Limited
acting through its investment manager,
Castle Hill Asset Management LLC

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olson
Title: Partner

LHP Ireland Fund Management Limited acting solely in its capacity as manager of LMA Ireland for and on behalf of its sub trust Map 507
By: Castle Hill Asset Management LLP, its sub-advisor

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: Partner

SUPPORTING NOTEHOLDERS

VÄRDE INVESTMENT PARTNERS, L.P.
By: Värde Investment Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name:
Title: Brian C. Schmidt
Senior Managing Director

VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.
By: Värde Investment Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name:
Title: Brian C. Schmidt
Senior Managing Director

THE VÄRDE FUND X (MASTER), L.P.
By: The Värde Fund X (GP), L.P., Its General Partner
By: The Värde Fund X GP, LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name:
Title: Brian C. Schmidt
Senior Managing Director

THE VÄRDE FUND XI (MASTER), L.P.
By: Värde Fund XI G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name:
Title: Brian C. Schmidt
Senior Managing Director

THE VÄRDE SKYWAY MASTER FUND, L.P.
By: The Värde Skyway Fund G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

THE VÄRDE FUND VI-A, L.P.
By: Värde Investment Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

VÄRDE CREDIT PARTNERS MASTER, L.P.
By: Värde Credit Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

SKL FAMILY FOUNDATION

By: _____
Name: Marcia Page Huepenbecker
Title: President

EXHIBIT A

Plan

[Intentionally Omitted – See Exhibit A of the Disclosure Statement]

EXHIBIT B

Disclosure Statement

[Intentionally Omitted]

EXHIBIT C

Backstop Agreement

[Intentionally Omitted – See Exhibit I of the Disclosure Statement]

EXHIBIT D

DIP Commitment Letter

EXECUTION VERSION

CONFIDENTIAL

December 17, 2015

New Gulf Resources, LLC
10441 S. Regal Boulevard, Suite 210
Tulsa, Oklahoma 74133
Attention: Chief Financial Officer

New Gulf Resources, LLC
$75,000,000 Senior Secured Debtor-In-Possession Term Loan Facility
Commitment Letter

Ladies and Gentlemen:

We understand that New Gulf Resources, LLC, a Delaware limited liability company, ("***New Gulf***" or the "***Company***"), NGR Finance Corp., a Delaware corporation ("**NGR**"), NGR Texas, LLC, a Delaware limited liability company ("***NGR Texas***"), their parent entity NGR Holding Company LLC, a Delaware limited liability company ("***Holding***"), and certain of their direct and indirect subsidiaries (such subsidiaries, together with New Gulf, NGR, NGR Texas and Holding, collectively, the "***Loan Parties***"), may determine to file voluntarily petitions under chapter 11 of title 11 of the United States Code (the "***Bankruptcy Code***") in the United States Bankruptcy Court for the District of Delaware (the "***Bankruptcy Court***") (collectively the "***Chapter 11 Cases***"). In connection with the Chapter 11 Cases, each of the financial institutions and other entities listed on Annex A hereto (each, a "***Commitment Party***" and collectively, the "***Commitment Parties***") wishes to advise you of its interest in structuring and arranging a senior secured super-priority debtor-in-possession term loan facility in an aggregate principal amount of up to $75,000,000 (the "***DIP Facility***"), and its several but not joint commitment to provide, directly or through an affiliate, the principal amount of the DIP Facility set forth opposite such Commitment Party's name on Annex A hereto, in each case on the terms set forth in the Summary of Terms and Conditions attached hereto as Exhibit I (the "***DIP Term Sheet***" and collectively with this letter and any annexes or attachments thereto or hereto, this "***Commitment Letter***"). Capitalized terms used in this letter but not defined herein shall have the meanings given to them in the DIP Term Sheet.

The Company agrees that U.S. Bank National Association will act as the sole administrative agent for the DIP Facility (in such capacity, together with its successors and permitted assigns, the "***DIP Agent***") upon the terms and subject to the conditions set forth in this Commitment Letter and the DIP Term Sheet. No arrangers, bookrunners, or other agents or co-agents will be appointed, or other titles conferred, except as expressly provided in the DIP Term Sheet, and in the fee letter dated December 14, 2015 from the DIP Agent addressed to you providing, among other things, for certain fees in favor of the DIP Agent relating to the DIP Facility (the "***Agent Fee Letter***"), in order to obtain its commitment to participate in the DIP Facility, in each case, without the consent of the Commitment Parties hereunder.

A. Information Requirements

The Company represents and warrants that (i) all information that has been or will hereafter be made available to the DIP Agent or any Commitment Party or their financial or legal advisors by or on behalf of the Loan Parties or any of their respective affiliates or representatives in connection with the

transactions contemplated hereby (other than the Projections (as defined below), the "***Information***"), when taken as a whole, is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made, and (ii) all financial projections, if any, that have been or will be prepared by or on behalf of the Loan Parties or any of their respective representatives and made available to the DIP Agent or any Commitment Party or their financial or legal advisors in connection with the transactions contemplated hereby (the "***Projections***") have been or will be prepared in good faith based upon reasonable assumptions at the time made and at the time the related Projections are made available to such parties (it being understood that such Projections are subject to uncertainties and contingencies, many of which are beyond the Loan Parties' control, and that no assurance can be given that the Projections will be realized). If at any time from the date hereof until the effectiveness of definitive documentation for the DIP Facility (the "***DIP Loan Documents***"), any of the representations and warranties in the preceding sentence would be incorrect if the Information or Projections were then being furnished, and such representations and warranties were then being made, at such time, then the Loan Parties will promptly supplement, or cause to be promptly supplemented, the Information and the Projections so that such representations and warranties contained in this paragraph will be correct at such time.

In issuing this Commitment Letter and in arranging the DIP Facility (including any syndication of the DIP Facility), the DIP Agent and the Commitment Parties will be entitled to use, and to rely on the accuracy of, the Information and Projections furnished to them by or on behalf of the Loan Parties and their respective affiliates without responsibility for independent verification thereof.

B. Conditions

The several and not joint undertakings and obligations of each Commitment Party under this Commitment Letter are subject to the satisfaction (or waiver by the Commitment Parties in their sole discretion) of each of the following conditions precedent:

(i) the negotiation, execution and delivery of the DIP Loan Documents in form and substance satisfactory to the Commitment Parties in their sole discretion reflecting the terms and conditions set forth in this Commitment Letter and the DIP Term Sheet and such other terms and conditions as the Commitment Parties and the Company may agree;

(ii) since June 30, 2015 there shall not have occurred or exist, in such Commitment Party's judgment, (x) a material disruption of or change in the lending, financial, banking or capital market conditions in the United States generally; or (y) any changes, circumstances or events (including without limitation one or more casualty or condemnation events, force majeure events or acts of God), which have resulted in or could reasonably be expected to result in a Material Adverse Effect; for such purpose "***Material Adverse Effect***" shall mean any event, change, effect, occurrence, development, circumstance or change of fact that has, or would reasonably be expected to have, a material adverse effect on (a) the business, results of operations, condition (financial or otherwise), assets or liabilities of the Loan Parties, taken as a whole, (b) the legality, validity or enforceability of any DIP Loan Documents or the DIP Order (as defined below), (c) the ability of the Loan Parties to perform their respective obligations under the DIP Loan Documents, (d) the value of the DIP Collateral (as defined in the DIP Term Sheet), (e) the perfection or priority of the DIP Liens (as defined in the DIP Term Sheet) granted pursuant to the DIP Loan Documents or the DIP Order, (f) the ability of the DIP Agent or the DIP Lenders (as defined in the DIP Term Sheet) to enforce the DIP Loan Documents, or (g) changes in commodity prices prior to December 15, 2015; provided, however, that "Material Adverse Effect" shall not include any event, change, effect, occurrence, development, circumstance or change of fact arising out of, resulting from or

relating to the commencement or existence of the Chapter 11 Cases, the announcement of the Plan (as defined in the DIP Term Sheet) and the transactions contemplated hereby, compliance by any Loan Party with the covenants and agreements contained in the DIP Loan Documents, the Backstop Agreement or the RSA (each as defined in the DIP Term Sheet) or in the Plan, any change in applicable laws of general applicability or interpretations thereof by any courts or other governmental authorities (except to the extent such change affects the Loan Parties, taken a whole, in a disproportionately adverse manner relative to other participants in the industries in which the Loan Parties participate), any action or omission of a Loan Party taken with the express prior written consent of the Commitment Parties, or any expenses incurred by the Company in connection with transactions contemplated hereby;

(iii) the accuracy and completeness in all material respects of all representations that the Company and the other Loan Parties make to any Commitment Party in the DIP Loan Documents or this Commitment Letter (including those in Section A above) and all Information that the Loan Parties and their respective affiliates and representatives have furnished or hereafter furnishes to a Commitment Party (provided that any such representation that is expressly qualified as to "materiality" or "material adverse effect" shall be accurate and complete in all respects);

(iv) any Commitment Party or any DIP Lender not having discovered or otherwise having become aware (whether as a result of its due diligence analysis and review or otherwise) of any information not disclosed to it in writing prior to December 15, 2015 that it reasonably believes to be inconsistent in a material and adverse manner with its understanding, based on the Information and Projections provided to it prior to the date hereof, of the business, assets, liabilities, operations, results of operations, condition (financial or otherwise) or material agreements of the Company and its subsidiaries taken as a whole;

(v) such Commitment Party's reasonable satisfaction with, and the approval by the Bankruptcy Court of, (a) all aspects of the DIP Facility and the transactions contemplated thereby, including, without limitation, the administrative expense priority of, and the senior priming liens to be granted to secure, the obligations under the DIP Facility and (b) all actions to be taken, all undertakings to be made and obligations to be incurred by the Loan Parties in connection with the DIP Facility (all such approvals to be evidenced by the entry of one or more orders of the Bankruptcy Court reasonably satisfactory in form and substance to such Commitment Party, which orders shall, among other things, approve the payment by the Loan Parties of all fees and expenses that are provided for in the DIP Term Sheet and the Agent Fee Letter);

(vi) the payment in full of all fees, expenses and other amounts payable by the Loan Parties hereunder and under the DIP Loan Documents and the Agent Fee Letter;

(vii) the compliance by the Company with the applicable provisions of this Commitment Letter, the DIP Loan Documents and the Agent Fee Letter;

(viii) a closing and initial borrowing occurring under the DIP Facility on or prior to December 22, 2015;

(ix) the DIP Agent and the Commitment Parties having received, no later than two (2) Business Days before the Closing Date (as defined in the DIP Term Sheet), all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act (as defined below), that is reasonably requested by the DIP Agent or the Commitment Parties (as used herein, "***Business Day***" means any day except a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required to close);

(x) entry into the RSA and the Backstop Agreement by all parties thereto, including, without limitation, each Commitment Party, on or prior to the date of commencement of the Chapter 11 Cases (the "***Petition Date***");

(xi) the filing by the Loan Parties with the Bankruptcy Court of a motion seeking approval by the Bankruptcy Court on an interim basis of the DIP Facility (including the Agent Fee Letter and the DIP Loan Documents), in form and substance acceptable to the Commitment Parties in their sole discretion, on the Petition Date;

(xii) the filing by the Loan Parties with the Bankruptcy Court of (a) the Plan and the Disclosure Statement (as defined in the DIP Term Sheet) and (b) motions seeking approval by the Bankruptcy Court of the Disclosure Statement and solicitation procedures with respect to the Plan, the RSA and the Backstop Agreement, in each case in form and substance acceptable to the Commitment Parties in their sole discretion, within one calendar day after the Petition Date;

(xiii) since the date of this Commitment Letter, the Loan Parties not (x) receiving any proceeds from any offering, placement or arrangement of any debt securities or bank financing (other than the DIP Facility) or (y) issuing, offering, placing or arranging any debt securities or bank financing (other than the DIP Facility);

(xiv) the execution and delivery of this Commitment Letter by all Commitment Parties and all Loan Parties not later than the date and time set forth in Section D(1)(a) of this Commitment Letter;

(xv) this Commitment Letter not having been terminated in accordance with Section D(1) below; and

(xvi) all other conditions to closing set forth in the DIP Term Sheet and/or the DIP Loan Documents.

C. Fees; Indemnification; Expenses

1. Fees. In addition to the fees described in the DIP Term Sheet, the Company will pay (or cause to be paid) the fees set forth in the Agent Fee Letter. The Company also agrees to pay, or to reimburse each Commitment Party for, all reasonable out-of-pocket fees, costs, disbursements and expenses of (i) the DIP Agent (including fees, costs, disbursements and expenses of its counsel) and (ii) the Commitment Parties (including reasonable out-of-pocket fees, costs, disbursements and expenses of (a) their outside counsel, including Stroock & Stroock & Lavan LLP; Richards, Layton & Finger, P.A.; and Haynes and Boone LLP; and any other local counsel of the Commitment Parties, (b) PJT Partners and/or any other financial advisor to the Commitment Parties, (c) DeGolyer and MacNaughton Canada Limited and (d) any other production or reserve engineers, consultants, or other professional advisors retained by the Commitment Parties or their counsel). The Company also agrees to pay all costs and expenses of each Commitment Party (including, without limitation, fees and disbursements of counsel) incurred in connection with the enforcement of any of their respective rights and remedies hereunder.

2. Indemnification. The Company agrees to indemnify and hold harmless the DIP Agent, each Commitment Party, their respective affiliates and their officers, directors, employees, agents, advisors, legal counsel, consultants, representatives, controlling persons, members and successors and permitted assigns (each, an "***Indemnified Person***") from and against any and all losses, claims, damages, liabilities and expenses, joint or several ("***Losses***") to which any such Indemnified Person may become subject arising out of or in connection with this Commitment Letter, the Agent Fee Letter, the DIP

Facility, the use of proceeds thereof or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any such Indemnified Person is a party thereto (and regardless of whether such matter is initiated by a third party or by the Company or its respective affiliates or equity holders), and (a) to reimburse each such Indemnified Person promptly upon demand for any reasonable out-of-pocket legal or other expenses incurred in connection with investigating or defending any of the foregoing; provided that the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses to the extent they are found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted solely from the willful misconduct, fraud or gross negligence of such Indemnified Person, (b) to reimburse the DIP Agent and each Commitment Party from time to time, upon presentation of a summary statement, for all reasonable out-of-pocket expenses (including, but not limited to, expenses of due diligence investigation, consultants' fees, syndication expenses, travel expenses and fees, and disbursements and other charges of outside counsel) incurred in connection with the DIP Facility and the preparation and negotiation of this Commitment Letter, the Agent Fee Letter, the DIP Loan Documents, the use of proceeds thereof and any ancillary documents and security arrangements in connection therewith, and (c) to reimburse the DIP Agent and each Commitment Party from time to time, upon presentation of a summary statement, for all out-of-pocket expenses (including, but not limited to, consultants' fees, travel expenses and fees, and disbursements and other charges of outside counsel), incurred in connection with the enforcement of this Commitment Letter, the Agent Fee Letter, the DIP Loan Documents and any ancillary documents and security arrangements in connection therewith. The Company agrees that, notwithstanding any other provision of this Commitment Letter, no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or its subsidiaries or affiliates or to the Company's or its subsidiaries' respective equity holders or creditors or to any other person or entity arising out of, related to or in connection with any aspect of the DIP Facility, except to the extent of direct (as opposed to special, indirect, consequential or punitive) damages determined in a final, non-appealable judgment by a court of competent jurisdiction to have resulted solely from such Indemnified Person's gross negligence, fraud or willful misconduct.

D. Miscellaneous

1. Termination. This Commitment Letter and all commitments and undertakings of the Commitment Parties under this Commitment Letter shall terminate and expire upon the earliest of the following to occur:

(a) 5:00 p.m., New York, New York time, on December 17, 2015 (as such time may be extended by mutual written agreement of the Company and the Commitment Parties in their respective sole discretion) unless by such time (x) the Company, each of the Commitment Parties and the DIP Agent executes and delivers this Commitment Letter and (y) the Company executes and delivers the Agent Fee Letter;

(b) 5:00 p.m., New York, New York time, on December 22, 2015 (as such time may be extended by mutual written agreement of the Company and the Commitment Parties in their respective sole discretion) unless by such time all the DIP Loan Documents relating to the DIP Facility have been executed and delivered by all parties thereto and the initial borrowing under the DIP Facility has occurred;

(c) the Closing Date;

(d) any issuance, placement, incurrence or funding of debt securities or bank financing by any of the Loan Parties with third parties (other than the DIP Facility);

(e) 11:59 pm., New York, New York time, on December 17, 2015, if the Chapter 11 Cases have not been commenced by such time;

(f) the commencement by or on behalf of the Loan Parties of an avoidance action with respect to the Second Lien Obligations (as defined in the DIP Term Sheet), or the filing by the Loan Parties of any motion or request in the Chapter 11 Cases or in any other legal proceeding seeking, or the entry by the Bankruptcy Court or any other court with appropriate jurisdiction of, an order invalidating, avoiding, subordinating, disallowing, recharacterizing or limiting in any respect, as applicable, either (i) the enforceability, extent, priority, characterization, perfection, validity or non-avoidability of any of the liens securing the Second Lien Obligations), or (ii) the validity, enforceability, characterization or non-avoidability of any of the Second Lien Obligations;

(f) the filing by or on behalf of the Loan Parties of any motion or request in the Chapter 11 Cases or in any other legal proceeding seeking, or the entry by the Bankruptcy Court of, an order (i) directing the appointment of an examiner with expanded powers or a chapter 11 trustee, (ii) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (iii) dismissing the Chapter 11 Cases, or (iv) terminating or modifying the exclusive right of the Loan Parties to file a plan of reorganization under section 1121 of the Bankruptcy Code;

(g) 5:00 p.m., New York, New York time, on December 21, 2015 if an order of the Bankruptcy Court consistent with this Commitment Letter and the DIP Term Sheet and otherwise satisfactory in form and substance to the DIP Agent and the Commitment Parties, in their sole discretion, approving, on an interim basis, the DIP Facility and the DIP Loan Documents (including the Agent Fee Letter) (the "***DIP Order***") has not been entered by the Bankruptcy Court by such time; or

(h) notice from the Company to the Commitment Parties at any time that the Company wishes to terminate this Commitment Letter.

In addition to the foregoing, (i) this Commitment Letter may be terminated at any time by mutual agreement of the Company and the Commitment Parties, and (ii) all commitments and undertakings of the Commitment Parties hereunder may be terminated by Commitment Parties representing more than 50% of the commitments hereunder if the Company fails to perform any of its obligations under this Commitment Letter or the Agent Fee Letter on a timely basis.

Notwithstanding the foregoing, all obligations of the Company with respect to Section C and Sections D(2), D(3), D(4), D(5), D(6), D(7) and D(8) of this Commitment Letter shall survive any termination of this Commitment Letter.

2. No Third-Party Beneficiaries. This Commitment Letter is solely for the benefit of the Company, the DIP Agent, the Commitment Parties and the Indemnified Persons; no provision hereof shall be deemed to confer rights on any other person or entity.

3. No Assignment; Amendment. This Commitment Letter and the Agent Fee Letter may not be assigned by the Company to any other person or entity, but all of the obligations of the Company hereunder and under the Agent Fee Letter shall be binding upon the successors and assigns of the Company. This Commitment Letter and the Agent Fee Letter may not be amended or modified except in writing executed by each of the parties hereto. Assignments by any Commitment Party (other than assignments to another Commitment Party, an affiliate of any Commitment Party or any fund that is administered or managed by (a) a Commitment Party, (b) an affiliate of a Commitment Party or (c) an entity or an affiliate of an entity that administers or manages a Commitment Party) shall be subject to the prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned) of the

Company and of Commitment Parties representing more than 50% of the commitments hereunder (excluding for such purposes the commitment proposed to be assigned). Any assignment by a Commitment Party shall not be deemed to release the assigning Commitment Party from its obligations hereunder (except as may otherwise be agreed by the Company and all other Commitment Parties).

4. Use of Name and Information. The Company agrees that any references to the DIP Agent, any Commitment Party or any of their respective affiliates made in connection with the DIP Facility (other than any such references made to the Bankruptcy Court in connection with the Chapter 11 Cases) are subject to the prior approval of the DIP Agent or such Commitment Party, as applicable, which approval shall not be unreasonably withheld. Each Commitment Party shall be permitted to use information related to the arrangement of the DIP Facility in connection with marketing, press releases or other transactional announcements or updates provided to investor or trade publications, including, but not limited to, the placement of "tombstone" advertisements, or otherwise describing the names of the Company and its affiliates, and the amount, type and closing date of the DIP Facility, in publications of its choice at its own expense.

5. Governing Law. This Commitment Letter, the Agent Fee Letter and any claim, controversy or dispute arising under or related to the Commitment Letter or the Agent Fee Letter shall be governed by, and construed in accordance with, the laws of the State of New York. Each of the parties hereto hereby irrevocably and unconditionally (a) submits, for itself and its property, to the exclusive jurisdiction of the Bankruptcy Court and any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any jurisdiction thereof, in any suit, action or proceeding arising out of or relating to this Commitment Letter, the Agent Fee Letter or the transactions contemplated hereby or thereby, and agrees that all claims in respect of any such suit, action or proceeding may be heard and determined only in the Bankruptcy Court or such New York State court or, to the extent permitted by law, in such Federal court, (b) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Commitment Letter, the Agent Fee Letter or the transactions contemplated hereby or thereby in the Bankruptcy Court or any New York State court or in any such Federal court, (c) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court and (d) agrees that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Service of any process, summons, notice or document by registered mail addressed to the Company at the address above shall be effective service of process for any suit, action or proceeding brought in any such court.

6. Survival. The obligations of the parties hereto under the expense reimbursement, indemnification, confidentiality, and governing law provisions of this Commitment Letter shall survive the expiration and termination of this Commitment Letter; provided, however, that upon closing of the DIP Facility, such provisions shall be superseded by the comparable provisions in the DIP Loan Documents.

7. Confidentiality. This Commitment Letter is delivered to the Company on the understanding that neither this Commitment Letter nor the Agent Fee Letter nor any of their terms or substance, nor the activities of any Commitment Party pursuant hereto, shall be disclosed, directly or indirectly, to any other person except (a) to the Company's equity sponsors, officers, directors, employees, attorneys, agents, accountants and advisors on a confidential and need-to-know basis, (b) as required by applicable law or compulsory legal process (in which case the Company agrees to inform the Commitment Parties promptly thereof prior to such disclosure) (to the extent permitted by applicable law), (c) to the extent required by the Bankruptcy Court; provided, however, that if this Commitment Letter is required to be filed with the Bankruptcy Court or disclosed to the U.S. Trustee, the Company

will take all reasonable actions necessary to prevent Annex A to this Commitment Letter from becoming publicly available, including, without limitation, filing such Annex A under seal; and (d) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Commitment Letter or the enforcement of rights hereunder.

Each Commitment Party agrees that neither this Commitment Letter nor the Agent Fee Letter nor any of their terms or substance shall be disclosed, directly or indirectly, to any other person except (a) to each Commitment Party's respective officers, directors, employees, agents, attorneys, accountants and advisors on a confidential and need-to-know basis, (b) as required by applicable law or compulsory legal process (in which case the Company shall be promptly informed thereof prior to such disclosure (to the extent permitted by applicable law)), (c) with prospective lenders and their affiliates in connection with any syndication of the DIP Facility (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such items and instructed to keep such items confidential), (d) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Commitment Letter or the enforcement of rights hereunder and (e) otherwise with the consent of the Company.

Notwithstanding anything herein to the contrary, any party to this Commitment Letter (and any employee, representative or other agent of such party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Commitment Letter and the Agent Fee Letter and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except that (i) tax treatment and tax structure shall not include the identity of any existing or future party (or any affiliate of such party) to this Commitment Letter or the Agent Fee Letter and (ii) no party shall disclose any information relating to such tax treatment and tax structure to the extent nondisclosure is reasonably necessary in order to comply with applicable securities laws. For this purpose, the tax treatment of the transactions contemplated by this Commitment Letter and the Agent Fee Letter is the purported or claimed U.S. Federal income tax treatment of such transactions and the tax structure of such transactions is any fact that may be relevant to understanding the purported or claimed U.S. Federal income tax treatment of such transactions.

The Company hereby agrees that if the Agent Fee Letter is required to be filed with the Bankruptcy Court or disclosed to the U.S. Trustee for purposes of obtaining approval to pay any fees provided for therein or otherwise, then it shall promptly notify the Commitment Parties and take all reasonable actions necessary to prevent the Agent Fee Letter from becoming publicly available, including, without limitation, filing a motion or an ex parte request pursuant to sections 105(a) and 107(b) of the Bankruptcy Code and Rule 9018 of the Federal Rules of Bankruptcy Procedure seeking a Bankruptcy Court order authorizing the Company to file the Agent Fee Letter under seal to the maximum extent permitted by the Bankruptcy Court; provided, however, that if the Bankruptcy Court does not permit such filing under seal, then any such filing shall be redacted to the maximum extent permitted by the Bankruptcy Court and approved by the Commitment Parties and the DIP Agent in writing. The provisions of this section shall survive any termination or completion of the arrangement provided by this Commitment Letter.

8. Sharing Information; Absence of Fiduciary Relationship; Affiliate Activities.

The Company acknowledges that each Commitment Party may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Company and its subsidiaries may have conflicting interests regarding the transactions described herein or otherwise. None of the Commitment Parties will furnish confidential information obtained from the Company by virtue of the transactions contemplated by this Commitment Letter or the

other relationships of such Commitment Party with the Company to other companies. The Company also acknowledges that none of the Commitment Parties have any obligation to use in connection with the transactions contemplated by this Commitment Letter, or to furnish to the Company, confidential information obtained by such Commitment Party from other companies.

The Company acknowledges and agrees that (a) no fiduciary, advisory or agency relationship between the Company and any Commitment Party is intended to be or has been created in respect of any of the transactions contemplated by this Commitment Letter, irrespective of whether any Commitment Party has advised or is advising the Company on other matters, (b) each Commitment Party, on the one hand, and the Company, on the other hand, have an arm's-length business relationship that does not directly or indirectly give rise to, nor does the Company rely on, any fiduciary duty on the part of each Commitment Party, (c) the Company is capable of evaluating and understanding, and the Company understands and accepts, the terms, risks and conditions of the transactions contemplated by this Commitment Letter, (d) the Company has been advised that each Commitment Party is engaged in a broad range of transactions that may involve interests that differ from the Company's interests and that no Commitment Party has any obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship and (e) the Company waives, to the fullest extent permitted by law, any claims it may have against each Commitment Party for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that no Commitment Party shall have any liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including the Company's equity holders, employees or creditors. Additionally, the Company acknowledges and agrees that no Commitment Party is advising the Company as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction (including, without limitation, with respect to any consents needed in connection with the transactions contemplated hereby). The Company shall consult with the Company's own advisors concerning such matters and shall be responsible for making the Company's own independent investigation and appraisal of the transactions contemplated hereby (including, without limitation, with respect to any consents needed in connection therewith), and no Commitment Party shall have any responsibility or liability to the Company with respect thereto. Any review by any Commitment Party of the Loan Parties, the Company and the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of such Commitment Party and shall not be on behalf of the Company or any of the Company's affiliates.

9. Counterparts; Section Headings. This Commitment Letter and the Agent Fee Letter may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter or the Agent Fee Letter by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof. Section headings used herein are for convenience of reference only, are not part of this Commitment Letter and are not to affect the construction of, or to be taken into consideration in interpreting, this Commitment Letter.

10. Entire Agreement. This Commitment Letter embodies the entire agreement and understanding among the Commitment Parties, the Company and their affiliates with respect to the DIP Facility, and supersedes all prior understandings and agreements among the parties relating to the subject matter hereof.

11. Patriot Act. The Commitment Parties hereby notify the Company that, pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "***PATRIOT Act***"), each Commitment Party and each of their respective affiliates are required to obtain, verify and record information that identifies the Company and each Guarantor, which information includes the name, address, tax identification number and other information regarding the Company and

each Guarantor that will allow each Commitment Party to identify the Company and each Guarantor in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act and is effective as to the Commitment Parties.

12. Waiver of Jury Trial.

EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS COMMITMENT LETTER, THE AGENT FEE LETTER OR THE PERFORMANCE OF SERVICES HEREUNDER OR THEREUNDER.

[Signature pages follow]

The Commitment Parties are pleased to have been given the opportunity to assist the Company in connection with this important transaction.

Very truly yours,

COMMITMENT PARTIES

Millstreet Credit Fund LP
By: Millstreet Capital Partners LLC, its General Partner

By: _____
Name: Craig M. Kelleher
Title: Managing Member

PCH Manager Fund, SPC. on behalf of and for the account of Segregated Portfolio 202
By: Millstreet Capital Management LLC, the Subadviser under a Subadvisory Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

Mercer QIF Fund plc - Mercer Investment Fund 1
By: Millstreet Capital Management LLC, the Sub-Investment Manager under a Sub-Investment Management Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

COMMITMENT PARTIES

PENNANTPARK INVESTMENT CORPORATION

By: _____

Name: Arthur Penn
Title: CEO

COMMITMENT PARTIES

Castle Hill Enhanced Floating Rate Opportunities Limited
acting through its investment manager
Castle Hill Asset Management LLP

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: ~~AIF~~ Partner

Guardian Loan Opportunities Limited
acting through its investment manager
Castle Hill Asset Management LLP

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: Partner

Brookwood S.A.R.L.

By: _____
Name:
Title: Cedric Bradfer
Manager

By: _____
Name:
Title:

LHP Ireland Fund Management Limited acting solely in its capacity as manager of LMA Ireland for and on behalf of its sub trust Map 507
By: Castle Hill Asset Management LLP, its sub-advisor

By: _____
Name: Terence Teh
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: Partner

COMMITMENT PARTIES

VP NGR Holdings LLC
By: Värde Partners, Inc., its manager

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

By: _____
Name: Jeremy D. Hedberg
Title: Managing Principal

ACCEPTED AND AGREED
this 15th day of December, 2015:

New Gulf Resources, LLC

By: _____

Name: Danni Morris
Title: Chief Financial Officer

Annex A

Commitment Parties and Commitments

Commitment Party	Commitment Percentage	Commitment
VP NGR Holdings LLC		
Millstreet Credit Fund LP		
PCH Manager Fund, SPC. on behalf of and for the account of Segregated Portfolio 202		
Mercer QIF Fund plc - Mercer Investment Fund 1		
PennantPark Investment Corporation		
Castle Hill Enhanced Floating Rate Opportunities Limited		
Guardian Loan Opportunities Limited acting through its investment manager Castle Hill Asset Management LLP		
Brookwood S.A.R.L.		
LHP Ireland Fund Management Limited acting solely in its capacity as manager of LMA Ireland for and on behalf of its sub trust Map 507		
TOTAL:	100.00000000%	$75,000,000.00

Exhibit I

DIP Term Sheet

Exhibit I

NEW GULF RESOURCES, LLC, et al.
$75,000,000 SENIOR SECURED DEBTOR-IN-POSSESSION MULTIPLE DRAW
TERM LOAN FACILITY
Summary of Principal Terms and Conditions

This Summary of Terms and Conditions (the "DIP Term Sheet"), dated as of December 17, 2015, sets forth certain terms of the DIP Facility (as defined below) proposed to be provided, subject to the conditions set forth below and in the Commitment Letter (as defined below), by the DIP Lenders (as defined below) and referred to as the "DIP Facility" in that certain Commitment Letter dated December 17, 2015 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Commitment Letter") addressed to New Gulf Resources, LLC from the Commitment Parties named therein. This DIP Term Sheet is part of, and subject to, the Commitment Letter and, except as may be set forth in the Commitment Letter, this DIP Term Sheet does not constitute a commitment, a contract to provide a commitment, or any agreement by the DIP Lenders or the Commitment Parties referred to in the DIP Term Sheet. This DIP Term Sheet does not attempt to describe all of the terms, conditions, and requirements that would pertain to the financing described herein, but rather is intended to be a summary outline of certain basic items, which shall be set forth in final documentation, which shall be in form and substance acceptable in all respects to the DIP Lenders in their sole discretion. Capitalized terms used but not defined in this DIP Term Sheet shall have the meanings assigned in the Commitment Letter.

Loan Parties:	New Gulf Resources, LLC (the "Company"), NGR Holding Company LLC ("Holdings"), NGR Finance Corp., NGR Texas, LLC and certain of their direct and indirect subsidiaries, as debtors and debtors-in-possession in cases to be commenced under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101, et seq. in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court", and such cases, the "Chapter 11 Cases") (each a "Loan Party" and collectively, the "Loan Parties").
DIP Administrative Agent/ Collateral Agent:	U.S. Bank National Association (the "DIP Agent").
Initial DIP Lenders:	Each of the "Commitment Parties" listed on the signature pages to the Commitment Letter.
DIP Lenders:	The Initial DIP Lenders and such other institutions, if any, as may be determined by the Initial DIP Lenders (each a "DIP Lender" and collectively, the "DIP Lenders").
DIP Facility:	A new money non-amortizing superpriority multiple draw senior secured priming term loan facility in an aggregate principal amount of up to $75,000,000 (the "DIP Facility"; the DIP Lenders' commitments under the DIP Facility, the "DIP Commitments"; the loans under the DIP Facility, the "DIP Loans"; and the transactions contemplated hereby, the "Transactions"). The DIP Loans will be made solely for the purposes set forth under "Use of Proceeds" below. The DIP Loans may be incurred during the Availability Period (as defined below) as follows: (i) following entry by the Bankruptcy Court of an interim order in form and substance acceptable to the DIP Agent and the DIP Lenders approving the DIP Facility on an interim basis, an initial drawing under the DIP Facility on

the Closing Date (as defined below) in an aggregate principal amount of not more than $55,000,000 (the "Interim DIP Order"); and (ii) following entry by the Bankruptcy Court of a final order in form and substance acceptable to the DIP Agent and the DIP Lenders approving the DIP Facility on a final basis (the "Final DIP Order"), up to two (2) additional drawings under the DIP Facility, in each case upon at least five (5) business days' prior written notice to the DIP Agent and the DIP Lenders, each such additional drawing to be in an aggregate principal amount of not less than $1,000,000 and such two draws not to exceed $20,000,000 in the aggregate (the date of any draw under the DIP Facility pursuant to clause (i) or (ii), a "Draw Date"). Once repaid, the DIP Loans incurred under the DIP Facility cannot be reborrowed.

The DIP Loans to be made on the Closing Date shall be funded by the DIP Lenders net of a discount equal to $2,250,000, which discount shall be allocated pro rata among the DIP Lenders based on their respective DIP Commitments. The full principal amount of the DIP Loans made on the Closing Date (adding back such discount) shall be deemed the aggregate principal amount of such DIP Loans and shall be deemed outstanding on and after the Closing Date and the Loan Parties shall be obligated to repay 100% of the principal amount of such DIP Loans as provided in the DIP Credit Agreement (as defined below).

Availability Period: Subject to the terms, conditions and covenants to be contained in the DIP Credit Agreement and the other DIP Loan Documents (as defined below), the DIP Loans may be drawn during the period from and including the Closing Date up to but excluding the DIP Termination Date (as defined below) (such period, the "Availability Period"). The DIP Commitments will expire at the end of the Availability Period. The DIP Commitments shall be permanently reduced on each Draw Date by the aggregate principal amount of DIP Loans made on such Draw Date.

Closing Date: The date (the "Closing Date") on which the conditions precedent set forth in the Commitment Letter and in the "Conditions Precedent to Closing" section of this DIP Term Sheet have been satisfied (or waived in writing by the DIP Lenders in their sole discretion). If the Closing Date does not occur on or before December 22, 2015, the Commitments shall terminate and the DIP Facility will not be provided.

Use of Proceeds: Proceeds of the DIP Loans under the DIP Facility will be used only for the following purposes, in each case in accordance with and subject to the Approved Budget (as defined below): (i) to provide working capital for the Loan Parties during the Chapter 11 Cases in the ordinary course of business and other costs and expenses of administration of the Chapter 11 Cases, (ii) to pay in full the outstanding balance of the First Lien Obligations, (iii) to pay fees and expenses related to the DIP Facility and (iv) to make adequate protection payments as provided for below to the extent provided for in the Interim DIP Order and the Final DIP Order, as applicable.

The DIP Credit Agreement, the Interim DIP Order and the Final DIP Order (as applicable, the "DIP Order") will contain restrictions on use of proceeds in form and substance satisfactory to the DIP Lenders. Such restrictions will include (but not be limited to): prohibitions against any DIP Collateral, Prepetition Collateral,

DIP Loans, Cash Collateral, proceeds of any of the foregoing, any portion of the Carve-Out or any other amounts from being used directly or indirectly by any of the Loan Parties, any Official Committee of unsecured creditors appointed in the Chapter 11 Cases (the "Official Committee"), or any trustee or other estate representative appointed in the Chapter 11 Cases or any Successor Cases or any other person or entity (or to pay any professional fees, disbursements, costs or expenses incurred in connection therewith):

(a) to prevent, hinder, or delay the DIP Agent's, the DIP Lenders', the Prepetition Agents' or the Prepetition Lenders' enforcement or realization upon any of the DIP Collateral once a Termination Event (as defined below) occurs (other than with respect to rights otherwise granted herein with respect to the Remedies Notice Period);

(b) to use or seek to use Cash Collateral or, except to the extent expressly permitted by the terms of the DIP Loan Documents, selling or otherwise disposing of DIP Collateral, in each case, without the consent of the DIP Agent and the Required Lenders;

(c) to seek authorization to obtain liens or security interests that are senior to, or on a parity with, the DIP Liens or the Superpriority DIP Claim; or

(d) to investigate (including by way of examinations or discovery proceedings), prepare, assert, join, commence, support or prosecute any action for any claim, counter-claim, action, proceeding, application, motion, objection, defense, or other contested matter seeking any order, judgment, determination or similar relief against, or adverse to the interests of, in any capacity, against any of the Released Parties with respect to any transaction, occurrence, omission, action or other matter (including formal discovery proceedings in anticipation thereof), including, without limitation, (A) any claims or causes of action arising under chapter 5 of the Bankruptcy Code, (B) any so-called "lender liability" claims and causes of action, (C) any action with respect to the validity, enforceability, priority and extent of, or asserting any defense, counterclaim, or offset to, the DIP Obligations, the Superpriority DIP Claim, the DIP Liens, the DIP Loan Documents, the First Lien Loan Documents, the First Lien Obligations, the Second Lien Note Documents or the Second Lien Obligations, (D) any action seeking to invalidate, modify, set aside, avoid or subordinate, in whole or in part, the DIP Obligations, the First Lien Obligations or the Second Lien Obligations, (E) any action seeking to modify any of the rights, remedies, priorities, privileges, protections and benefits granted to either the DIP Agent or the DIP Lenders under the DIP Credit Agreement or under any of the DIP Loan Documents, the First Lien Agent or the First Lien Lenders under any of the First Lien Loan Documents or the Second Lien Agent or the Second Lien Noteholders under any of the Second Lien Note Documents (in each case, including, without limitation, claims, proceedings or actions that might prevent, hinder or delay any of the DIP Agent's or the DIP Lenders' assertions, enforcements, realizations or remedies on or against the DIP Collateral in accordance with the applicable DIP Loan Documents and the Interim DIP Order and/or the Final DIP Order (as applicable)), (F) objecting to, contesting, or interfering with, in any way, the DIP Agent's and the DIP Lenders' enforcement or realization upon any of the DIP Collateral once an Event of Default (as defined in the DIP Credit Agreement) has occurred;

provided, however, that no more than $25,000 in the aggregate of the DIP Collateral, the Carve-Out, proceeds from the borrowings under the DIP Facility or any other amounts, may be used by any Official Committee to investigate claims and/or liens of the First Lien Agent and the First Lien Lenders under the First Lien Loan Documents and the Second Lien Agent and the Second Lien Noteholders under the Second Lien Note Documents.

DIP Termination Date: All DIP Obligations will be due and payable in full, and the DIP Commitments will terminate, on the date (the "DIP Termination Date") that is (A), for so long as the Backstop Agreement has not been terminated by the Requisite Backstop Parties (as defined in the Backstop Agreement) pursuant to Section 7(c)(viii) of the Backstop Agreement, the earliest to occur of: (i) the date that is twelve (12) months after the Closing Date (the "Scheduled Maturity Date"), (ii) the consummation of a sale of all or substantially all of the assets of the Loan Parties under Section 363 of the Bankruptcy Code, (iii) the date on which the DIP Commitments terminate or the DIP Loans become due and payable in accordance with Section 7.2 of the DIP Credit Agreement, (iv) unless waived by the Required Lenders in their sole discretion, the day that is 45 calendar days following the Petition Date, if an order satisfactory to the DIP Agent and the Required Lenders approving the disclosure statement related to the Plan and related solicitation procedures and materials has not been entered by the Bankruptcy Court by such date, (v) unless waived by the Required Lenders in their sole discretion, the day that is 45 calendar days following the Petition Date, if the Final DIP Order has not been entered by the Bankruptcy Court by such date, (v) unless waived by the Required Lenders in their sole discretion, the day that is 130 calendar days following the Petition Date, if an order satisfactory to the DIP Agent and the Required Lenders confirming the Plan has not been entered by the Bankruptcy Court by such date, (vi) unless waived by the Required Lenders in their sole discretion, the date that is 150 calendar days following the Petition Date, if the effective date of the Plan has not occurred by such date, (vii) the effective date of the Plan or (viii) unless waived by the DIP Lenders in their sole discretion, any date on which any of the Loan Parties files a motion with the Bankruptcy Court for authority to proceed with the sale or liquidation of any of the Loan Parties (or any material portion of the assets or all of the equity of any of the Loan Parties) or files a plan of reorganization, in each case, without the prior consent of the Required Lenders; or (B) if the Backstop Agreement is terminated by the Requisite Backstop Parties pursuant to Section 7(c)(viii) of the Backstop Agreement, the earliest to occur of (a) the Scheduled Maturity Date, (b) unless waived by the Required Lenders in their sole discretion, the day that is 75 calendar days following the Petition Date, if an order approving a chapter 11 disclosure statement pursuant to section 1125 of the Bankruptcy Code or bidding procedures pursuant to section 363 of the Bankruptcy Code (in each case, in form and substance acceptable to the DIP Agent, the Required Lenders and the Requisite Ad Hoc Committee Members) has not been entered by the Bankruptcy Court by such date, (c) unless waived by the Required Lenders in their sole discretion, the day that is 160 days following the Petition Date, if an order confirming a chapter 11 plan pursuant to section 1129 or approving a sale of substantially all assets of the Loan Parties pursuant to section 363 of the Bankruptcy Code (in each case, in form and substance acceptable to the DIP Agent, the Required Lenders and the Requisite Ad Hoc Committee Members) has not been entered by the Bankruptcy Court by such date or (d) unless waived by

the Required Lenders in their sole discretion, the date that is 180 days following the Petition Date, if the effective date of a chapter 11 plan has not occurred or a sale under section 363 of the Bankruptcy Code (in each case, in form and substance, and on terms, acceptable to the DIP Agent, the Required Lenders and the Requisite Ad Hoc Committee Members) has not been consummated by such date.

Interest Rate: LIBOR Rate plus 10.00% per annum, payable monthly in cash in arrears, calculated on an actual 360-day basis. LIBOR Floor: 1.00%.

Default Rate: +2.00% per annum, calculated on an actual 360-day basis.

Documentation: The DIP Facility will be evidenced by a credit agreement (the "DIP Credit Agreement"), security documents, guarantees and other legal documentation (collectively, together with the DIP Credit Agreement, the "DIP Loan Documents") required by the DIP Agent and the DIP Lenders, which DIP Loan Documents shall be prepared by counsel to the DIP Lenders and shall be in form and substance and on terms satisfactory to, the DIP Agent and the Required DIP Lenders.

DIP Priority Account: Pending use in accordance with the terms of the DIP Credit Agreement, all proceeds of the DIP Loans under the DIP Facility shall be deposited into a segregated account of the Loan Parties (the "DIP Priority Account") and invested in cash and Cash Equivalents (to be defined in the DIP Credit Agreement). The DIP Priority Account shall be held at the DIP Agent or shall be subject to a control agreement with a securities intermediary acceptable to the DIP Agent, in form and substance satisfactory to the DIP Agent, which establishes "control" (as defined in the Uniform Commercial Code as in effect from time to time in the State of New York) in favor of the DIP Agent for the benefit of the DIP Lenders, and withdrawals from such account shall only be used for the permitted purposes described under "Use of Proceeds" above or to make payments on the DIP Facility. Under no circumstances may any cash, funds, securities, financial assets or other property held in or credited to the DIP Priority Account or the proceeds thereof held therein or credited thereto be used other than as expressly set forth under "Use of Proceeds" above, or for any purpose not permitted under the Final DIP Order or Interim DIP Order.

DIP Obligations The DIP Loan Documents shall evidence the DIP Obligations, which DIP Obligations shall be valid, binding and enforceable against the Loan Parties, their estates and any successors thereto, including, without limitation, any trustee appointed in any of the Chapter 11 Cases, or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Cases, or in any other proceedings superseding or related to any of the foregoing (collectively, the "Successor Cases"), and their creditors and other parties-in-interest, in each case, in accordance with the terms of DIP Order and the DIP Loan Documents. No obligation, payment, transfer, or grant of security under DIP Order or under the DIP Loan Documents shall be stayed, restrained, voidable, avoidable, or recoverable, under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 502(d), 544 and 547 to 550 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform

Fraudulent Conveyance Act, or similar statute or common law), or subject to any avoidance, reduction, setoff, recoupment, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counter-claim, cross-claim, defense, or any other challenge under the Bankruptcy Code or any applicable law or regulation by any person or entity.

DIP Collateral: All obligations of the Loan Parties to the DIP Agent and the DIP Lenders under the DIP Facility, including, without limitation, all principal and accrued interest, premiums (if any), costs, fees and expenses or any other amounts due, or any exposure of each DIP Lender and its affiliates in respect of cash management incurred on behalf of the Loan Parties under the DIP Facility (collectively, the "DIP Obligations"), shall be secured by a first priority liens on all assets and properties of the Loan Parties and their estates (the "DIP Collateral"), subject to certain exceptions, including, but not limited to, upon entry of the Final DIP Order, liens on the proceeds of all claims and causes of action arising under chapter 5 of the Bankruptcy Code.

To secure the DIP Obligations, the DIP Agent, for the benefit of itself and the DIP Lenders, is hereby granted continuing, valid, binding, enforceable, non-avoidable, and automatically and properly perfected DIP Liens in the DIP Collateral as follows:

(i) pursuant to section 364(c)(2) of the Bankruptcy Code, valid, enforceable, non-avoidable automatically and fully perfected first priority liens on and security interests in all DIP Collateral that is not otherwise subject to a valid, perfected and non-avoidable security interest or lien as of the Petition Date, including all funds in the DIP Priority Account or any other account of the Loan Parties, subject only to the Carve-Out;

(ii) pursuant to section 364(c)(3) of the Bankruptcy Code, valid, enforceable, non-avoidable automatically and fully perfected junior liens on and security interests in all DIP Collateral, subject only to (x) Permitted Prior Liens, and (y) the Carve-Out; and

(iii) pursuant to section 364(d)(1) of the Bankruptcy Code, valid, enforceable, non-avoidable automatically and fully perfected first priority senior priming liens on and security interests in all Prepetition Collateral securing the Prepetition Obligations, wherever located, which senior priming liens and security interests in favor of the DIP Agent shall be senior to the Prepetition Liens and the Second Lien Noteholder Adequate Protection Liens granted under the Interim DIP Order, subject only to (x) Permitted Prior Liens, and (y) the Carve-Out.

DIP Superpriority Claim: Effective immediately upon entry of the Interim DIP Order, the DIP Agent and the DIP Lenders will be granted, pursuant to section 364(c)(1) of the Bankruptcy Code, an allowed superpriority administrative expense claim in each of the Chapter 11 Cases or any Successor Cases (the "Superpriority DIP Claim"), for all of the DIP Obligations, (a) with priority over any and all administrative expense claims, unsecured claims and all other claims against the Loan Parties or their estates in any of the Chapter 11 Cases or any Successor Cases, at any time existing or arising, of any kind or nature whatsoever, including, without

limitation, (i) administrative expenses or other claims of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726, 1113 and 1114 of the Bankruptcy Code, and any other provision of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment, (ii) any claims allowed pursuant to the obligations under the Prepetition Loan Documents, and (iii) the Second Lien Noteholders' Adequate Protection Claim (as defined below), and (b) which shall at all times be senior to the rights of the Loan Parties or their estates, and any trustee appointed in the Chapter 11 Cases or any Successor Cases to the extent permitted by law. The DIP Superpriority Claim shall, for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, shall be against each Loan Party on a joint and several basis, and shall be payable from and have recourse to all prepetition and postpetition property of the Loan Parties and their estates and all proceeds thereof (including, without limitation, proceeds of claims and causes of action arising under Chapter 5 of the Bankruptcy Code). Notwithstanding the foregoing, the Superpriority DIP Claim shall be subject only to the Carve-Out.

Except as expressly set forth herein, the DIP Liens and the Superpriority DIP Claim: (i) shall not be made subject to or pari passu with (A) any lien, security interest or claim heretofore or hereinafter granted in any of the Chapter 11 Cases or any Successor Cases and shall be valid and enforceable against the Loan Parties, their estates, any trustee or any other estate representative appointed or elected in the Chapter 11 Cases or any Successor Cases and/or upon the dismissal of any of the Chapter 11 Cases or any Successor Cases, (B) any lien that is avoided and preserved for the benefit of the Loan Parties and their estates under section 551 of the Bankruptcy Code or otherwise, and (C) any intercompany or affiliate lien or claim; and (ii) shall not be subject to sections 506(c) (upon entry of the Final DIP Order), 510, 549, 550 or 551 of the Bankruptcy Code.

Milestones: The Loan Parties shall be required to comply with the following milestones (the "Milestones"):

(a) On or before December 17, 2015 (the "Petition Date"), the Loan Parties shall have commenced the Chapter 11 Cases and filed with the Bankruptcy Court a motion (the "DIP Motion") seeking entry of the Interim DIP Order and Final DIP Order, which DIP Motion shall be in form and substance satisfactory to the Required DIP Lenders.

(b) On or before the date that is one (1) calendar day after the Petition Date, the Loan Parties shall have filed with the Bankruptcy Court (i) a plan of reorganization (the "Plan"), (ii) a disclosure statement in respect of the Plan (the "Disclosure Statement"), (iii) a motion seeking approval of the Disclosure Statement and solicitation procedures related to the Plan (the "Disclosure Statement Motion"), (iv) a motion (the "Backstop Agreement Motion") seeking approval of the Loan Parties' assumption of the backstop agreement (the "Backstop Agreement") and (v) a motion (the "RSA Agreement Motion") seeking approval of the Loan Parties' assumption of a restructuring support agreement (the "RSA"), each such agreement, motion or other document to be in form and substance satisfactory to the Required DIP Lenders.

(c) On or before the date that is four calendar days after the Petition Date, the Bankruptcy Court shall have entered the Interim DIP Order, in form and substance satisfactory to the Required DIP Lenders.

(d) On or before the date that is 30 calendar days after the Petition Date, the Bankruptcy Court shall have entered orders approving the Backstop Agreement Motion and the RSA Agreement Motion, each in form and substance satisfactory to the Required DIP Lenders. .

(e) On or before the date that is 45 calendar days after the Petition Date, the Bankruptcy Court shall have entered (i) an order approving the Disclosure Statement and solicitation procedures (subject to a thirty (30) day extension if the Backstop Agreement is terminated under certain circumstances), and (ii) the Final DIP Order, in each case, in form and substance satisfactory to the Required DIP Lenders.

(f) On or before the date that is one hundred thirty (130) calendar days after the Petition Date, the Bankruptcy Court shall have entered an order, in form and substance acceptable to the DIP Lenders, confirming the Plan (subject to a thirty (30) day extension if the Backstop Agreement is terminated under certain circumstances).

(g) On or before the date that is one hundred fifty (150) calendar days after the Petition Date, the Plan shall have become effective (subject to a thirty (30) day extension if the Backstop Agreement is terminated under certain circumstances).

Representations and Warranties: Usual and customary representations and warranties for financings of this type and others as determined appropriate by the DIP Lenders and reasonably acceptable to the Loan Parties and their subsidiaries to be made as of (x) the date the DIP Loan Documents are executed and (y) the date of each borrowing under the DIP Facility, in each case, including, without limitation, representations and warranties regarding valid existence, requisite power, due authorization, absence of conflicts with agreements, orders or applicable law, governmental consents, enforceability of DIP Loan Documents, that the Loan Parties have not failed to disclose any material assumptions with respect to the Approved Budget, affirmation of the accuracy of the Approved Budget in all material respects, accuracy of financial statements, projections, budgets and all other information provided, compliance with law, absence of material adverse change, no default under the DIP Loan Documents, absence of material litigation and contingent obligations, taxes, subsidiaries, ERISA, pension, benefit plans, absence of liens on assets, ownership of properties and necessary rights to intellectual property, insurance, no burdensome restrictions, inapplicability of Investment Company Act or Public Utility Holding Company Act of 2005, continued accuracy of representations and continued effectiveness of the Interim DIP Order and the Final DIP Order and each other order of the Bankruptcy Court with respect to the DIP Facility.

Affirmative Covenants: The DIP Loan Documents will contain usual and customary affirmative covenants for financings of this type and others as determined appropriate by the DIP

Lenders and reasonably acceptable to the Loan Parties (which covenants will be applicable to the Loan Parties), including, without limitation, the following affirmative covenants:

(a) delivery of periodic updates of the Approved Budget and weekly variance reports;

(b) delivery to the DIP Agent and DIP Lenders of monthly reports by the Chief Financial Officer with respect to revenues, operating expenses, asset sales, cost savings, key hires and other matters reasonably requested by the DIP Lenders;

(c) delivery to counsel to the DIP Agent and DIP Lenders, as soon as practicable in advance of filing with the Bankruptcy Court, of drafts of the Interim DIP Order, the Final DIP Order and all other proposed orders, motions, pleadings and other documents related to the DIP Facility and the Chapter 11 Cases, any plan of reorganization or liquidation, and/or any disclosure statement related to such plan, and not filing any such document with the Bankruptcy Court without obtaining prior approval thereof from such counsel;

(d) compliance with the Milestones and any additional milestones set forth in the DIP Loan Documents, the Backstop Agreement or the RSA;

(e) access to information (including historical information and books and records) and personnel, including, without limitation, regularly scheduled meetings as mutually agreed with senior management and the Chief Financial Officer and other company advisors and a subcommittee of the DIP Lenders and its legal and/or financial advisors, who shall be provided with access to all information they shall reasonably request and to other internal meetings regarding strategic planning, cash and liquidity management, operational and restructuring activities;

(f) compliance in all material respects with applicable laws (including without limitation, the Bankruptcy Code, ERISA, and environmental laws), payment of taxes, maintenance of all necessary licenses and permits and trade names, trademarks, patents, preserve corporate existence, and maintenance of appropriate and adequate insurance coverage;

(g) conducting all transactions with affiliates on terms equivalent to those obtainable in arm's length transactions, including, without limitation, restrictions on management fees to affiliates; and

(h) maintenance of a cash management system acceptable to the DIP Agent and the DIP Lenders.

The DIP Loan Documents will also contain provisions relating to disbursement controls satisfactory to the DIP Lenders.

Negative Covenants: The DIP Loan Documents will contain usual and customary negative covenants for financings of this type and others as determined appropriate by the DIP Lenders and reasonably acceptable to the Loan Parties (which covenants will be

applicable to the Loan Parties) including, without limitation, the following, which each of the Loan Parties agrees shall be prohibited (except to the extent otherwise provided in this DIP Term Sheet or the DIP Loan Documents or otherwise agreed by the Required DIP Lenders in their sole discretion):

(a) creating or permitting to exist any liens or encumbrances on any assets, other than liens securing the DIP Facility and any permitted liens agreed by the DIP Lenders (which liens shall include scheduled liens in existence on the Closing Date to the extent subordinated pursuant to the Interim DIP Order and the Final DIP Order);

(b) creating or permitting to exist any other superpriority claim which is *pari passu* with or senior to the claims of the Lenders under the DIP Facility, except for the Carve-Out and liens securing the DIP Facility;

(c) disposing of assets (including, without limitation, any sale and leaseback transaction and any disposition under Bankruptcy Code section 363) in respect of a transaction for total consideration of more than an aggregate amount to be agreed;

(d) modifying or altering (i) in any material manner the nature and type of its business or the manner in which such business is conducted or (ii) its organizational documents, except as required by the Bankruptcy Code;

(e) prepaying, redeeming, purchasing or exchanging any pre-petition indebtedness, or amend or modify any of the terms of any such pre-petition indebtedness, except as expressly provided for in the Approved Budget and pursuant to "first day" or other orders entered upon pleadings, in each case, in form and substance satisfactory to the DIP Lenders;

(f) asserting any right of subrogation or contribution against any other Loan Parties until all borrowings under the DIP Facility are paid in full in cash and the DIP Commitments are terminated;

(g) incurring or assuming any additional debt or contingent obligations or giving any guaranties, in each case, beyond agreed upon limits; merging or consolidating with any other person, changing the corporate structure or create or acquire new subsidiaries, in each case, beyond agreed upon limits; giving a negative pledge on any assets in favor of any person other than the DIP Agent and the DIP Lenders; and permitting to exist any consensual encumbrance on the ability of any subsidiary to pay dividends or other distributions to the Loan Parties; in each case, subject to customary exceptions or baskets as may be agreed;

(h) making any loans, advances, capital contributions or acquisitions, form any joint ventures or partnerships or making any other investments in subsidiaries or any other person, subject to certain exceptions to be agreed;

(i) making or committing to make any payments in respect of warrants, options, repurchase of stock, dividends or any other distributions;

(j) making, committing to make, or permitting to be made any bonus payments to

executive officers of the Loan Parties and their subsidiaries in excess of the amounts set forth in the Budget;

(k) without the prior written consent of the DIP Agent (at the direction of the Required DIP Lenders in their sole discretion), making or permitting to be made any change to the Interim DIP Order, the Final DIP Order or any other order of the Bankruptcy Court with respect to the DIP Facility;

(l) permitting any change in ownership or control of any Loan Party or any subsidiary or any change in accounting treatment or reporting practices, except as required by U.S. generally accepted accounting principles and as permitted by the DIP Loan Documents; and

(n) prohibition on Holdings carrying on any business other than holding equity in the applicable Loan Parties.

Approved Budget Covenants:

(a) *Initial Budget and Update Budget*. The Loan Parties have prepared and delivered to the DIP Agent and the DIP Lenders, and the DIP Agent and DIP Lenders have approved, a budget, a copy of which is attached to the Interim DIP Order as an exhibit (including the "Professional Fee Schedule" attached to the Interim DIP Order, the "Initial Budget"), which reflects the Loan Parties' anticipated cash receipts and all anticipated necessary and required disbursements for each calendar week during the period from the Petition Date through and including the end of the thirteenth (13th) calendar week following the Petition Date, together with a certificate of the Loan Parties' Chief Financial Officer stating that such Initial Budget has been prepared on a reasonable basis and in good faith and is based on assumptions believed by the Loan Parties to be reasonable at the time made and from the best information then available to the Loan Parties. The Initial Budget (and each subsequent Approved Budget under the DIP Credit Agreement) shall be deemed the "Approved Budget" until superseded by another Approved Budget pursuant to the provisions set forth below.

(b) *Updated Budget*. Commencing with Thursday, January 14, 2016, and every fourth Thursday thereafter, the Loan Parties shall prepare in good faith and deliver to the DIP Agent and the DIP Lenders an updated cash flow forecast for the subsequent thirteen (13) week-period, consistent with the form and level of detail of the Initial Budget and otherwise in form and substance satisfactory to the DIP Agent (at the direction of the Required DIP Lenders (as defined below)) (each such updated forecast, including the "Professional Fee Schedule" attached to the Interim DIP Order as Exhibit B, an "Updated Budget"), reflecting the Loan Parties' anticipated cash receipts and all anticipated necessary and required disbursements for each calendar week during the thirteen (13) calendar week period beginning on the Sunday following delivery of the applicable Updated Budget. Upon (and subject to) the approval of any such Updated Budget by the DIP Agent (as directed by, and with the consent of the Required DIP Lenders, which consent shall not be unreasonably withheld or delayed), such Updated Budget shall constitute the then-Approved Budget; provided, however, that in the event the DIP Agent and Loan Parties are unable to reach agreement regarding an Updated Budget, then the Approved Budget most recently in effect shall remain the Approved Budget; provided, further, however, that the failure of the Loan

Parties and the DIP Agent (as directed by, and with the consent of the Required DIP Lenders, which consent shall not be unreasonably withheld or delayed), to agree on an Approved Budget within ten (10) calendar days of any date upon which the Loan Parties are obligated to deliver an Updated Budget shall constitute an Event of Default under the DIP Credit Agreement.

(c) *Variance Reporting*. Commencing with Tuesday, December 29, 2015, and each Tuesday thereafter, the Loan Parties shall deliver to the DIP Agent and the DIP Lenders a weekly variance report, in form and substance satisfactory to the DIP Agent (at the direction of the Required DIP Lenders) (each a "Variance Report", and together with the Approved Budget requirements described herein, the "Budget and Variance Reporting"), setting forth actual cash receipts and disbursements of the Loan Parties for the calendar week ended on the immediately preceding Saturday (or, in the case of the first such Variance Report, for the period since the Petition Date), and setting forth all the variances, on a line-item and aggregate basis, as compared to the corresponding amounts set forth in the then-current Approved Budget for such week/period, in each case, on a weekly basis and a cumulative basis from the beginning of the period covered by the then-current Approved Budget, together with a certificate of the Loan Parties' Chief Financial Officer (x) explaining in reasonable detail all material variances from the then current Approved Budget for such week/period and (y) in the case of a Variance Report immediately following the end of any Testing Period (as defined below), certifying the Loan Parties' compliance with the Permitted Variances (as defined below) for such Testing Period or identifying and explaining in reasonable detail any non-compliance by the Loan Parties with the Permitted Variances for such Testing Period.

(d) *Permitted Variances*. The Loan Parties shall ensure that at no time shall (i) disbursements made by the Loan Parties during the Testing Period (as defined below) ending on any Testing Date (as defined below) exceed 15% of the applicable amounts set forth in each of the "Total Operating Disbursements" and total "General & Administrative" line items in the then current Approved Budget, in each case, on a cumulative basis for the applicable Testing Period; and (ii) cash receipts deposited by the Loan Parties during the Testing Period ending on any Testing Date fall below 85% of the applicable amounts set forth in each of the "Total Net Production Receipts", "Total Net Receipts", "Operating Cash Flow", and "Net Cash Flow" line items in the then current Approved Budget, in each case, on a cumulative basis for the applicable Testing Period (the requirements of this paragraph being referred to as the "Permitted Variances").

The term "Testing Period" shall refer to (i) the two calendar week period ending Saturday, January 2, 2016, (ii) the four calendar week period ending Saturday, January 16, 2016, and (iii) thereafter, each rolling four calendar week period ending two weeks after the end of the preceding Testing Period.

The term "Testing Date" shall refer to the Saturday of every second week occurring after the Petition Date, beginning Saturday, January 2, 2016.

(e) *Capital Expenditures*. The Loan Parties shall be required to obtain the prior written consent of the Required DIP Lenders (as defined below) before incurring, investing, committing to or making (i) any single Capital Expenditure

or acquisition of ownership interests of the type described in Section 6.3(h) of the DIP Credit Agreement in an amount greater than $350,000 or (ii) any series of Capital Expenditures and/or acquisitions of ownership interests of the type described in Section 6.3(h) in an aggregate amount (during any rolling four (4) week period) greater than $750,000 (in each case, other than with respect to those projects set forth on Schedule 6.21 to which the Loan Parties have irrevocably committed prior to the date hereof, subject in each case to the amounts and timeframes set forth on such Schedule 6.21).

(f) *Approval Required for Variances*. Variances, if any, from the Approved Budget, and any proposed changes to the Approved Budget, shall be subject to written agreement by the Loan Parties and the Required DIP Lenders. The Loan Parties acknowledge and agree that the incurrence or payment by any of the Loan Parties of expenses (x) other than the itemized amounts set forth in the Approved Budget and (y) in excess of Permitted Variances shall constitute an Event of Default under the DIP Credit Agreement.

Conditions Precedent to Closing:

The DIP Credit Agreement will contain conditions deemed by the DIP Lenders in their discretion to be appropriate to the Transactions, including, without limitation, the following:

- All documentation relating to the DIP Facility shall be in form and substance satisfactory to the DIP Agent and the DIP Lenders and their counsel.

- All fees, costs, disbursements and expenses of (i) the DIP Agent (including fees, costs, disbursements and expenses of its counsel) and (ii) the Initial DIP Lenders (including fees, costs, disbursements and expenses of (a) their outside counsel, Stroock & Stroock & Lavan LLP ("Stroock"), and their Delaware and Texas local counsel, (b) PJT Partners and any other financial advisor to the Initial DIP Lenders, (c) DeGolyetr and MacNaughton Canada limited, and (d) any other professional advisors retained by the Initial DIP Lenders or their counsel), in each case, shall have been paid in full in cash.

- The DIP Agent and the DIP Lenders shall have received the items described under "Approved Budget" above.

- All motions and other documents to be filed with and submitted to the Bankruptcy Court related to the DIP Facility and the approval thereof shall be in form and substance satisfactory to the Required DIP Lenders.

- There shall not exist any law, regulation, ruling, judgment, order, injunction or other restraint that, in the judgment of the DIP Agent at the direction of the Required DIP Lenders, prohibits, restricts or imposes a materially adverse condition on the Loan Parties, the DIP Facility or the exercise by the DIP Agent at the direction of the DIP Lenders of its rights as a secured party with respect to the DIP Collateral.

- Since June 30, 2015, there shall have occurred no event which has resulted in or could reasonably be expected to result in a Material Adverse Effect (as defined in the Commitment Letter).

• Other than the Chapter 11 Cases, or as stayed upon the commencement of the Chapter 11 Cases, there shall exist no action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental instrumentality that (i) could reasonably be expected to result in a Material Adverse Effect or, except as disclosed, if adversely determined, could reasonably be expected to result in a Material Adverse Effect or (ii) restrains, prevents or imposes or can reasonably be expected to impose materially adverse conditions upon the DIP Facility, the DIP Collateral or the transactions contemplated thereby.

• All governmental and third party consents and approvals necessary in connection with the DIP Facility and the Transactions shall have been obtained (without the imposition of any conditions that are not acceptable to the DIP Agent and the Required DIP Lenders) and shall remain in effect.

• The DIP Agent, for the benefit of the DIP Lenders, shall have a valid and perfected lien on and security interest in the DIP Collateral on the basis and with the priority set forth herein.

• The DIP Agent and the Required DIP Lenders shall be satisfied with the amount, types and terms and conditions of all insurance and bonding maintained by the Loan Parties and their subsidiaries. Upon request of the DIP Agent, the Loan Parties shall, within thirty (30) days following such request, obtain endorsements naming the DIP Agent, on behalf of the DIP Lenders, as an additional insured or loss payee, as applicable, under all insurance policies to be maintained with respect to the properties of the Loan Parties and their subsidiaries forming part of the DIP Collateral, which endorsements shall provide for 30 days' prior notice of cancellation of such policies to be delivered to the DIP Agent.

• The Bankruptcy Court shall have entered an interim order (the "Interim DIP Order") not later than the first business day following the date on which the motion to approve the Interim DIP Order is heard, in form and substance satisfactory to the DIP Agent and the Required DIP Lenders, which Interim DIP Order shall include, without limitation, copies of the DIP Facility and the Approved Budget as exhibits thereto, entered on notice to such parties as may be satisfactory to the DIP Agent and the Required DIP Lenders, (i) authorizing and approving the DIP Facility and the Transactions, including, without limitation, the granting of the superpriority status, security interests and priming liens, and the payment of all fees, referred to herein; (ii) lifting or modifying the automatic stay to permit the Loan Parties to perform their obligations and the DIP Lenders to exercise their rights and remedies with respect to the DIP Facility; (iii) authorizing the use of cash collateral and providing for adequate protection to the extent agreed by the Initial DIP Lenders; and (iv) reflecting such other terms and conditions that are satisfactory to the DIP Agent and the Required DIP Lenders in their sole discretion; which Interim DIP Order shall be in full force and effect, shall not have been reversed, vacated or stayed and shall not have been amended, supplemented or otherwise modified without the prior written consent of the DIP Agent and the Required DIP Lenders.

• The Loan Parties or their agent shall have delivered to the DIP Agent, on

behalf of the DIP Lenders, financial projections satisfactory to the DIP Lenders in their sole discretion, including income statement, balance sheet and cash flow statement, each in form and substance consistent with the Loan Parties' internal financial statements, for fiscal year 2016 presented on a monthly basis.

Modification of Automatic Stay

The DIP Order shall provide that the automatic stay imposed by section 362(a) of the Bankruptcy Code is modified as necessary to permit: (a) the Loan Parties to grant the DIP Liens and the Superpriority DIP Claim, and to perform such acts as the DIP Agent may request, either in its sole discretion or at the direction of the Required Lenders, to assure the perfection and priority of the DIP Liens; (b) the Loan Parties to take all appropriate action to grant the Second Lien Noteholder Adequate Protection Liens and the Second Lien Noteholder Superpriority Claims set forth herein, and to take all appropriate action to ensure that the Second Lien Noteholder Adequate Protection Liens granted thereunder are perfected and maintain the priority set forth herein; (c) the Loan Parties to incur all liabilities and obligations, including all the DIP Obligations, to the Prepetition Agents, the Prepetition Lenders, the DIP Agent and the DIP Lenders as contemplated under the DIP Order and the DIP Loan Documents; (d) the Loan Parties to pay all amounts referred to, required under, in accordance with, and subject to the DIP Loan Documents, the DIP Commitment Letter and Interim DIP Order; (e) the DIP Secured Parties and the Prepetition Agents and the Prepetition Lenders to retain and apply payments made in accordance with the DIP Loan Documents and Interim DIP Order; (f) subject to paragraph 23 of the Interim DIP Order, the DIP Agent and the DIP Lenders to exercise, upon the occurrence and during the continuance of any Event of Default under the DIP Loan Documents, all rights and remedies provided for in the DIP Loan Documents and take any or all actions provided therein; and (g) the implementation of all of the terms, rights, benefits, privileges, remedies and provisions of the DIP Order and the DIP Loan Documents, in each case, without further notice, motion or application to, or order of, or hearing before, the Bankruptcy Court.

Perfection of DIP Liens and Post-Petition Liens

The DIP Agent and DIP Lenders shall be satisfied that all liens granted for the benefit of the DIP Agent and the DIP Lenders, shall be valid, enforceable, non-avoidable, and perfected, effective as of the Closing Date, and no further action shall be required to effect such perfection. The DIP Order shall provide that such Order shall be sufficient and conclusive evidence of the validity, perfection and priority of all liens granted herein, including, without limitation, the DIP Liens and the Second Lien Noteholder Adequate Protection Liens, without the necessity of execution, filing or recording any financing statement, mortgage, notice or other instrument or document that may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect (in accordance with applicable law) such liens, or to entitle the Prepetition Agents, the Prepetition Lenders, the DIP Agent or the DIP Lenders to the priorities granted herein. Notwithstanding the foregoing, each of the DIP Agent and the Prepetition Agents, without any further consent of any party, is authorized to execute, file or record, and the DIP Agent may require the execution, filing or recording, as each, in its sole discretion deems necessary, such financing statements, mortgages, notices of lien, and other similar documents to enable the DIP Agent and the Prepetition Agents to further validate, perfect, preserve and enforce the DIP Liens or other liens and security interests granted

under the Interim DIP Order, perfect in accordance with applicable law or to otherwise evidence the DIP Liens and/or Second Lien Noteholder Adequate Protection Liens, as applicable, and all such financing statements, mortgages, notices, and other documents shall be deemed to have been filed or recorded as of the Petition Date; *provided, however*, that no such filing or recordation shall be necessary or required in order to create or perfect the DIP Liens and/or the Second Lien Noteholder Adequate Protection Liens. The Loan Parties are authorized and directed to execute and deliver promptly upon demand to the DIP Agent or the Prepetition Agents all such financing statements, mortgages, notices, and other documents as the DIP Agent or the Prepetition Agents may reasonably request.

Expenses: The Loan Parties shall pay: (a) all reasonable out-of-pocket expenses of the DIP Agent and the DIP Lenders (x) associated with the preparation, negotiation, execution and delivery of the Commitment Letter, the Agent Fee Letter and this DIP Term Sheet and associated with the preparation, negotiation, execution, delivery and administration of the DIP Loan Documents and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of counsel) and (y) incurred by DIP Agent and DIP Lenders in connection with the Chapter 11 Cases; and (b) all out-of-pocket expenses of the DIP Agent and the DIP Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the DIP Loan Documents.

Indemnification: The DIP Loan Documents shall contain indemnification provisions acceptable to the DIP Lenders and the DIP Agent in their discretion.

Stipulations, Admissions, Waivers: In requesting the DIP Facility, and in exchange for and as a material inducement to the DIP Lenders to agree to provide the DIP Facility, and in exchange for and in recognition of the priming of the Prepetition Second Lien Note Liens (as defined below), subject to the section "Challenge Period" below, the Loan Parties shall admit, stipulate, acknowledge and agree that:

(i) *First Lien RBL Facility.* (a) Pursuant to the Credit Agreement dated as of June 12, 2014 (as amended, supplemented, restated or otherwise modified prior to the Petition Date, the "First Lien Credit Agreement", and together with all other all agreements, documents, instruments and certificates executed or delivered in connection therewith, including the First Lien Guaranty (as defined below) and the Intercreditor Agreement (as defined below), collectively, the "First Lien Loan Documents"), among New Gulf, as borrower (the "First Lien Obligor"), MidFirst Bank, as administrative agent and issuer of letters of credit (the "First Lien Agent"), and the lenders party thereto (collectively, the "First Lien Lenders"), the First Lien Lenders provided a revolving credit facility (the "First Lien RBL Facility"); and (b) pursuant to the Guaranty Agreement dated as of June 12, 2015 (as amended, supplemented, restated or otherwise modified prior to the Petition Date, the "First Lien Guaranty"), NGR Texas (the "First Lien Guarantor", and together with the First Lien Obligor, the "First Lien Loan Parties") agreed to guarantee the "Obligations" as defined in the First Lien Credit Agreement.

(ii) *First Lien Obligations.* As of the Petition Date, without defense, counterclaim, or offset of any kind, the First Lien Loan Parties were jointly and severally indebted to the First Lien Agent and the First Lien Lenders in the

aggregate principal amount of at least approximately $38,073,109.14 million, plus accrued but unpaid interest, plus any other amounts incurred or accrued but unpaid prior to the Petition Date, including all "Obligations" as defined in the First Lien Credit Agreement, in each case, to the extent provided in the First Lien Loan Documents (collectively, the "First Lien Obligations").

(iii) *First Lien Collateral.* To secure the First Lien Obligations, the First Lien Loan Parties granted to the First Lien Agent, for the benefit of itself and the First Lien Lenders, first-priority liens on and security interests in (collectively, the "Prepetition RBL Liens") all "Collateral" as defined in the First Lien Credit Agreement (collectively, the "Prepetition First Lien Collateral").

(iv) *Second Lien Notes.* Pursuant to the Indenture dated as of May 9, 2014 (as amended, supplemented, restated or otherwise modified prior to the Petition Date, the "Second Lien Note Indenture", and together with all other all agreements, documents, instruments and certificates executed or delivered in connection therewith, including the Second Lien Guaranty (as defined below), the Intercreditor Agreement (as defined below), and the Agreement and Plan of Merger, dated as of December 14, 2015 (the "Merger Agreement"), collectively, the "Second Lien Note Documents", and together with the First Lien Loan Documents, the "Prepetition Loan Documents"), among New Gulf and NGR Finance, as co-issuers (the "Second Lien Note Issuers"), The Bank of New York Mellon Trust Company, N.A., as indenture trustee and collateral agent (the "Second Lien Agent", and together with the First Lien Agent, the "Prepetition Agents"), and the guarantors party thereto (including NGR Holding Company LLC, as guarantor under the Merger Agreement, the "Second Lien Guarantors", and together with the Second Lien Note Issuers, collectively, the "Second Lien Note Parties", and together with the First Lien Loan Parties, collectively, the "Prepetition Loan Parties"), the Second Lien Issuers issued the 11.75% Senior Secured Notes due 2019 (the "Second Lien Notes"; the holders of such Second Lien Notes, the "Second Lien Noteholders", and together with the First Lien Lenders, collectively, the "Prepetition Lenders"), and the Second Lien Guarantors guaranteed the "Guaranteed Obligations" as defined in the Second Lien Note Indenture.

(v) *Second Lien Obligations.* As of the Petition Date, without defense, counterclaim, or offset of any kind, the Second Lien Note Parties were jointly and severally indebted to the Second Lien Agent and the Second Lien Noteholders in the aggregate principal amount of least approximately $365 million in Second Lien Notes, plus the Applicable Premium (as referred to in the Second Lien Note Indenture) in the amount of not less than $63 million, plus accrued but unpaid interest, plus any other amounts incurred or accrued but unpaid prior to the Petition Date in accordance with the Second Lien Note Documents, including, without limitation, principal, accrued and unpaid interest (including at the default rate), premiums, any reimbursement obligations (contingent or otherwise), any fees, expenses and disbursements (including, without limitation, attorneys' fees, financial advisors' fees, related expenses and disbursements), indemnification obligations, any other charges, amounts and costs of whatever nature owing, whether or not contingent, whenever arising, accrued, accruing, due, owing or chargeable in respect thereof, including all "Guaranteed Obligations" as defined in the Second Lien Note Indenture (collectively, the "Second Lien Obligations",

and together with the First Lien Obligations, collectively, the "Prepetition Obligations").

(vi) *Prepetition Second Lien Collateral.* To secure the Second Lien Obligations, the Second Lien Note Parties granted to the Second Lien Agent, for the benefit of itself and the Second Lien Noteholders, first-priority liens on and security interests in (collectively, the "Prepetition Second Lien Note Liens", and together with the Prepetition RBL Liens, the "Prepetition Liens") all "Collateral" as defined in the Second Lien Note Indenture (collectively, the "Prepetition Second Lien Collateral", and together with the Prepetition First Lien Collateral, the "Prepetition Collateral"), subject to the terms of the Intercreditor Agreement dated as of June 12, 2014 (as amended, supplemented, restated or otherwise modified prior to the Petition Date, the "Intercreditor Agreement"), by and between each of the First Lien Agent and the Second Lien Agent, which governs the relative rights and priorities of the First Lien Agent (on behalf of itself and the First Lien Lenders) and the Second Lien Agent (on behalf of itself and the Second Lien Noteholders) with respect to their shared interests in the Prepetition Collateral.

(vii) *Validity of Prepetition Liens and Prepetition Obligations*. (a) The Prepetition Liens are valid, binding, enforceable, non-avoidable and perfected liens, with priority over any and all other liens (other than liens expressly permitted under the First Lien Credit Agreement and Second Lien Note Indenture, solely to the extent such permitted liens were existing, valid, enforceable, properly perfected and non-avoidable as of the Petition Date or that is perfected subsequent thereto as permitted by section 546(b) of the Bankruptcy Code (the "Permitted Prior Liens")), subject to the terms of the Intercreditor Agreement; (b) the First Lien Obligations constitute legal, valid, binding and non-avoidable obligations of the First Lien Loan Parties, enforceable in accordance with the terms of the First Lien Loan Documents (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code); (c) the Second Lien Obligations constitute legal, valid, binding and non-avoidable obligations of the Second Lien Note Parties, enforceable in accordance with the terms of the Second Lien Note Documents (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code); and (d) the Loan Parties and their estates hold no valid or enforceable claims (as defined in the Bankruptcy Code), counterclaims, causes of action, defenses, or setoff rights of any kind, and have waived, discharged and released any right they may have to (A) challenge the validity, enforceability, priority, security and perfection of any of the Prepetition Obligations, the Prepetition Loan Documents or the Prepetition Liens, respectively, (B) assert any and all, claims (as defined in the Bankruptcy Code), against the Prepetition Agents or the Prepetition Lenders, and each of their respective officers, directors, equityholders, members, partners, subsidiaries, affiliates, funds, managers, managing members, employees, advisors, principals, attorneys, professionals, accountants, investment bankers, consultant, agents, and other representatives (collectively, the "Released Parties"), whether arising at law or in equity, including any recharacterization, subordination, avoidance, or other claim arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state or federal law, in each case, arising out of, based upon or related to the Prepetition Loan Documents, the Prepetition Liens or the Prepetition Obligations, as applicable.

(viii) Cash Collateral. All of the Loan Parties' cash, whether existing on the Petition Date or thereafter, including, without limitation, any cash in deposit accounts of the Loan Parties, or wherever located, constitutes cash collateral of the Prepetition Agents and the Prepetition Lenders within the meaning of section 363(a) of the Bankruptcy Code (the "Cash Collateral").

(ix) *Default.* The Prepetition Loan Parties are in default of certain terms and provisions of the Prepetition Loan Documents as of the Petition Date.

(x) Nothing in the Loan Parties' stipulations shall constitute a stipulation, admission or waiver by the Loan Parties with respect to the validity, enforceability, perfection or priority of any liens or security interests in real property interests acquired by the Loan Parties after May 9, 2014 to the extent such liens or security interests did not attach and/or were not validly perfected as of the Petition Date.

Adequate Protection: In consideration for the Loan Parties' use of the Prepetition Collateral (including Cash Collateral), and to protect the Second Lien Agent and the Second Lien Noteholders against the risk of diminution in value, if any, of the Prepetition Second Lien Collateral (including Cash Collateral) resulting from (a) the use, sale or lease by the Loan Parties (or other decline in value) of Cash Collateral and any other Prepetition Second Lien Collateral, (b) the imposition of the DIP Liens (as defined below) and the priming of the Prepetition Second Lien Note Liens, and (c) the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code (collectively, "Diminution in Value"), the Second Lien Agent and the Second Lien Noteholders shall receive, solely to the extent of an such Diminution in Value, the following adequate protection:

(a) *Second Lien Noteholder Adequate Protection Liens*. Pursuant to sections 361, 363(e) and 364(d) of the Bankruptcy Code, the Second Lien Agent and the Second Lien Noteholders, are hereby granted continuing, valid, binding, enforceable and automatically perfected postpetition liens on all DIP Collateral to the extent of any Diminution in Value of the Second Lien Noteholders' interest in the Prepetition Collateral (the "Second Lien Noteholder Adequate Protection Liens"), which liens will be junior only to the DIP Liens and the Carve-Out, and shall be senior in priority to all other liens, including the Prepetition Liens. Except for the DIP Liens and the Carve-Out, the Second Lien Noteholder Adequate Protection Liens shall not be made subject to or pari passu with any lien or security interest heretofore or hereinafter granted or created in any of the Chapter 11 Cases or any Successor Cases and shall be valid and enforceable against the Loan Parties, their estates and any successors thereto, including, without limitation, any trustee appointed in any of the Chapter 11 Cases or any Successor Cases until such time as the Second Lien Obligations owed under the Second Lien Note Documents are paid in full. The Second Lien Noteholder Adequate Protection Liens shall not be subject to sections 549 or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of the estates pursuant to section 551 of the Bankruptcy Code shall be pari passu with or senior to the Second Lien Noteholder Adequate Protection Liens.

(b) *Second Lien Noteholder Superpriority Claim*. Pursuant to section 507(b) of the Bankruptcy Code, the Second Lien Agent and the Second Lien

Noteholders, are hereby further granted an allowed superpriority administrative expense claim (the "Second Lien Noteholder Superpriority Claim"), which claim shall be junior to the DIP Superiority Claim and the Carve-Out, but shall be senior to and have priority over any other administrative expense claims, unsecured claims and all other claims against the Loan Parties or their estates in any of the Chapter 11 Cases or any Successor Cases, at any time existing or arising, of any kind or nature whatsoever, including, without limitation, (i) administrative expenses or other claims of the kinds specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726, 1113 and 1114 of the Bankruptcy Code, and any other provision of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy, or attachment, or (ii) any claims allowed pursuant to the obligations under the Prepetition Loan Documents. The Second Lien Noteholder Superpriority Claim shall, for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code, shall be against each Loan Party on a joint and several basis, and shall be payable from and have recourse to all DIP Collateral. Except for the DIP Superiority Claim and the Carve-Out, the Second Lien Noteholder Superpriority Claim shall not be made subject to or pari passu with any claim heretofore or hereinafter granted or created in any of the Chapter 11 Cases or any Successor Cases and shall be valid and enforceable against the Loan Parties, their estates and any successors thereto, including, without limitation, any trustee appointed in any of the Chapter 11 Cases or any Successor Cases until such time as the Second Lien Obligations owed under the Second Lien Note Documents are paid in full.

As further adequate protection for the Second Lien Agent and the Second Lien Noteholders, the Loan Parties are authorized and directed as follows:

(a) The Loan Parties shall pay all prepetition and postpetition fees, costs and expenses of (i) the Second Lien Agent (including all reasonable fees, costs, disbursements and expenses of one outside counsel and one local counsel), and (ii) the members of the ad hoc committee of certain Second Lien Noteholders (the "Ad Hoc Committee"), including all reasonable and documented fees, expenses and disbursements of (A) Stroock, (B) PJT Partners LP ("PJT"), pursuant to that certain letter of engagement dated as of October 6, 2015 by and among Stroock, PJT and certain of the Loan Parties, (C) Haynes & Boone LLP ("H&B"), as Texas counsel, (D) Richards Layton & Finger, PA ("RLF"), as Delaware counsel, and (E) DeGolyer and MacNaughton Canada Limited ("D&M"), pursuant to that certain letter of engagement dated as of November 13, 2015 by and among Stroock, D&M and certain of the Loan Parties, and (E) such other professionals as may be retained by the Ad Hoc Committee with the consent of the Loan Parties (which consent shall not be unreasonably withheld or delayed) (collectively, together with Stroock, PJT, H&B and RLF, the "Noteholder Professionals"). The invoices for such fees and expenses shall not be required to comply with the U.S. Trustee guidelines, may be in summary form only, and shall be provided to counsel to the Loan Parties, with a copy to the U.S. Trustee, counsel to any Official Committee and counsel to the DIP Agent (collectively, the "Fee Notice Parties"). If no objection to payment of the requested fees and expenses are made, in writing by any of the Fee Notice Parties within ten (10) calendar days after delivery of such invoices (the "Fee Objection Period"), then, without further

order of, or application to, the Court or notice to any other party, such fees and expenses shall be promptly paid by the Loan Parties. If an objection is made by any of the Fee Notice Parties within the Fee Objection Period to payment of the requested fees and expenses, then only the disputed portion of such fees and expenses shall not be paid until the objection is resolved by the applicable parties in good faith or by order of the Court, and the undisputed portion shall be promptly paid by the Loan Parties.

(c) The Loan Parties shall comply with the Approved Budget, subject to Permitted Variances and all Budget Variance Reporting requirements set forth in the DIP Order and in the DIP Loan Documents.

(d) The Loan Parties will provide to the DIP Agent and the DIP Lenders (subject to the execution of appropriate confidentiality agreements), such reports and information described in, and afford representatives, agents and/or employees of the DIP Agent reasonable access to the Loan Parties' premises and their books and records in accordance with, the DIP Order and the DIP Loan Documents.

The receipt by the Second Lien Agent and the Second Lien Noteholders of the adequate protection described herein shall not be deemed an admission that the interests of the Second Lien Agent and the Second Lien Noteholders are indeed adequately protected, nor prejudice or limit the rights of the Second Lien Agent and the Second Lien Noteholders to seek additional relief with respect to the use of Cash Collateral or for additional adequate protection; provided that any such additional or alternative adequate protection approved by the Court shall at all times be subordinate and junior to the DIP Obligations and the DIP Liens granted the DIP Order and the DIP Loan Documents and the Carve-Out. Without limiting the foregoing, nothing herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection provided under the Interim DIP Order is insufficient to compensate for any Diminution in Value during any of the Chapter 11 Cases subject to the Carve-Out.

Carve-Out: The term "Carve-Out" shall mean the following:

(i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under 28 U.S.C. § 1930(a) plus interest pursuant to 31 U.S.C. § 3717;

(ii) all reasonable fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an aggregate amount not to exceed $25,000;

(iii) to the extent allowed by the Court, all accrued and unpaid fees, disbursements, costs and expenses incurred on or prior to the delivery of a Carve-Out Trigger Notice (as defined below) by professionals or professional firms retained by the Loan Parties (the "Estate Professionals"), pursuant to a final order of the Court (which order has not been vacated or stayed) under sections 327, 328, 363 or 1103(a) of the Bankruptcy Code, whether allowed by the Court prior to or after delivery of a Carve-Out Trigger Notice, in the case of each Estate Professional, subject to the professional fee schedule attached hereto as Exhibit C (the "Professional Fee Schedule"); and

(iv) all unpaid fees, disbursements, costs and expenses incurred after the date of the delivery by the DIP Agent, at the direction of the Required Lenders, of the Carve-Out Trigger Notice (such date, the "Carve-Out Trigger Date"), to the extent allowed by the Court at any time, in an aggregate amount not to exceed $250,000 for Estate Professionals (the amount set forth in this clause (iv) being the "Post-Carve-Out Trigger Notice Cap"); *provided, however,* that nothing herein shall be construed as a consent to the allowance of any Estate Professionals' fees or expenses or impair the ability of any party to object to any fees, expenses, reimbursements or compensation sought by any such Estate Professionals. For purposes of the foregoing, "Carve-Out Trigger Notice" shall mean a written notice delivered by the DIP Agent at the direction of the Required Lenders to counsel to the Loan Parties, the U.S. Trustee, and lead counsel to any Official Committee appointed in these Chapter 11 Cases, which notice may be delivered following the occurrence of a Termination Event and stating that the Post-Carve-Out Trigger Notice Cap has been invoked.

For the avoidance of doubt, the Carve-Out shall be senior to all liens and claims (including, without limitation, administrative and superpriority claims) securing the DIP Obligations and the Prepetition Obligations, including Second Lien Noteholder Adequate Protection Liens and any and all other forms of adequate protection, liens, security interests and other claims granted herein to the Prepetition Agents, the Prepetition Lenders, the DIP Agent or the DIP Lenders.

Prior to the occurrence of the Carve-Out Trigger Date, the Loan Parties are authorized to pay compensation and reimbursement of fees and expenses that are authorized to be paid under sections 330 and 331 of the Bankruptcy Code pursuant to an order of the Court, as the same may be due and payable subject to the Professional Fee Schedule, and such payments shall not reduce the Carve-Out. Upon the receipt of the Carve-Out Trigger Notice, the Loan Parties shall provide immediate notice to all Estate Professionals informing them that such notice was delivered and further advising them that the Loan Parties' ability to pay such Estate Professionals is subject to and limited by the Carve-Out. Any payment or reimbursement made on or after the date and time of the Carve-Out Trigger Date to an Estate Professional shall permanently reduce the Carve-Out on a dollar-for-dollar basis. To the extent that any payment to an Estate Professional is subsequently disallowed and/or disgorged, the proceeds of any claim against the Estate Professional for amounts so disallowed or disgorged shall constitute DIP Collateral and as such, shall be subject to DIP Liens and DIP Superpriority Claims under the Interim DIP Order. Any funding of the Carve-Out by the DIP Lenders shall be added to and made part of the DIP Obligations and secured by the DIP Collateral and otherwise entitled to the protections granted under the DIP Order, the DIP Loan Documents, the Bankruptcy Code and applicable law.

None of the DIP Agent, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders shall be responsible for the direct payment or reimbursement of any fees or disbursements of any Estate Professional incurred in connection with the Chapter 11 Cases under any chapter of the Bankruptcy Code.

Challenge Period

Any Official Committee or any other party in interest, if granted requisite standing by the Court within the Challenge Period (as defined below), may seek, solely in accordance with the provisions of the DIP Order, to assert claims against

the Released Parties (or their successors or assigns), on behalf of the Loan Parties or the Loan Parties' creditors or to otherwise challenge the Loan Parties' stipulations, including, but not limited to those in relation to (i) the validity, extent, priority, or perfection of the mortgages, security interests, and Prepetition Liens of the Prepetition Agents or any Prepetition Lenders (or their successors or assigns), (ii) the validity, allowability, priority, or amount of the Prepetition Obligations, or (iii) any liability of either the Prepetition Agents and/or any Prepetition Lenders (or their successors or assigns) with respect to anything arising from the Prepetition Loan Documents. Any Official Committee or any other party in interest must, after obtaining requisite standing approved by the Court, commence a contested matter or adversary proceeding raising such claim, objection, or challenge, including, without limitation, any claim or cause of action against the Released Parties (each, a "Challenge") no later than (A) with respect to any Official Committee, the date that is thirty (30) days after the Official Committee's formation, or (B) with respect to other parties in interest, no later than the date that is forty-five (45) days after the entry of the Interim DIP Order (such time period shall be referred to as the "Challenge Period"). The Challenge Period may only be extended with the written consent of the First Lien Agent or the Requisite Supporting Noteholders, as applicable, prior to the expiration of the Challenge Period, or by further order of the Court for good cause shown. Only those parties in interest who properly commence a Challenge within the Challenge Period may prosecute such Challenge. As to (x) any parties in interest, including any Official Committee, who fail to file a Challenge within the Challenge Period, or if any such Challenge is filed and overruled, or (y) any and all matters that are not expressly the subject of a timely Challenge: (1) any and all such Challenges by any party (including, without limitation, any Official Committee, any chapter 11 trustee, any examiner or any other estate representative appointed in the Chapter 11 Cases, or any chapter 7 trustee, any examiner or any other estate representative appointed in any Successor Cases), shall be deemed to be forever waived and barred, (2) all of the findings, Loan Parties' stipulations, waivers, releases, affirmations and other stipulations under the Interim DIP Order as to the priority, extent, allowability, validity and perfection as to the Prepetition Liens, the Prepetition Obligations or the Prepetition Loan Documents shall be of full force and effect and forever binding upon the applicable Loan Parties' bankruptcy estates and all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases, and (3) any and all claims or causes of action against the Prepetition Agents or the Prepetition Lenders shall be released by the Loan Parties' estates, all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases.

Events of Default: The DIP Facility shall be subject to usual and customary events of default including, but not limited to, nonpayment of principal, interest or other amounts; violation of covenants; incorrectness of representations and warranties in any material respect; cross-defaults; bankruptcy and similar events; material judgments; ERISA events; actual or asserted invalidity of guarantees or security documents; damage with respect to any DIP Collateral above an amount to be agreed; prevention by any governmental authority from conducting any material part of its business or a loss, revocation or termination of any material license, permit, lease or agreement necessary to its business or there is a cessation of any material part of any Loan Party's business for a material period of time; or any

material DIP Collateral is taken or impaired through condemnation; change of control, the filing of or confirmation of a plan of reorganization that does not provide for the repayment of all DIP Obligations in full in cash on the effective date of such plan of reorganization, conversion of any of the Chapter 11 Cases to a chapter 7 case, the Enbridge contract is terminated for any reason by any party, or an event of default, default or termination event or any similar event occurs under such contract, or the Final DIP Order is not entered on or before the applicable date required under "Milestones" above.

Assignments and Participations: Assignments and participations as set forth in the DIP Credit Agreement.

Required Lenders: As of any date of determination, each of the following: (a) DIP Lenders holding more than 50% of the outstanding DIP Commitment and DIP Loans, (b) Millstreet only for so long as Millstreet holds at least 50% of the outstanding Commitment and/or Loans held by Millstreet as of the Closing Date and no Person included in the definition of "Millstreet" is a Defaulting Lender (as defined in the DIP Credit Agreement) as of such date, (c) PennantPark only for so long as PennantPark holds at least 50% of the outstanding Commitment and/or Loans held by PennantPark as of the Closing Date and no Person included in the definition of "PennantPark" is a Defaulting Lender as of such date, and (d) Värde only for so long as Värde holds at least 50% of the outstanding Commitment and/or Loans held by Värde on the Closing Date and no Person included in the definition of "Värde" is a Defaulting Lender as of such date. For purposes of the foregoing, "Millstreet" means, as of any time of determination, the affiliates and Related Funds (as defined in the DIP Credit Agreement) of Millstreet Capital Management LLC that are Lenders as of such time; "PennantPark" means, as of any time of determination, the affiliates and Related Funds of Pennant Park Investment Corporation that are Lenders as of such time; and "Värde" means, as of any time of determination, the affiliates and Related Funds of Värde Partners, Inc. that are Lenders as of such time.

Remedies: Each of the following shall of the following shall constitute a termination event under the DIP Order and the DIP Loan Documents (each a "Termination Event"), unless waived in writing by the Required Lenders: (a) the occurrence of an "Event of Default" under and as defined in the DIP Credit Agreement; (b) the date of acceleration of the DIP Loans under the DIP Facility in accordance with the DIP Credit Agreement; (c) the DIP Termination Date; (d) the Loan Parties seek any amendment, modification, or extension of the Interim DIP Order without the prior written consent of the Required Lenders (and no such consent shall be implied by any other action, inaction, or acquiescence of the DIP Secured Parties); or (e) the failure by the Loan Parties to timely perform any of the terms, provisions, conditions, covenants, or other obligations under the Interim DIP Order.

Any automatic stay otherwise applicable to the DIP Secured Parties, whether arising under section 362 of the Bankruptcy Code or otherwise, is hereby modified, without further notice to, hearing of, or order from the Bankruptcy Court, to the extent necessary to permit the DIP Agent, to exercise the following rights and remedies upon the occurrence and during the continuance of any Termination Event and the delivery of written notice by the DIP Agent to the

Loan Parties, counsel to the Loan Parties, counsel for the Official Committee, and the United States Trustee of the occurrence of a Termination Event: (a) immediately terminate the Loan Parties' use of any Cash Collateral; (b) terminate the DIP Facility and any DIP Loan Document as to any future liability or obligation of the DIP Secured Parties, but without affecting any of the DIP Obligations or the DIP Liens securing the DIP Obligations; (c) declare all DIP Obligations to be immediately due and payable; (d) freeze monies or balances in the Loan Parties' accounts (and, with respect to the DIP Facility, sweep all funds contained in the DIP Collateral Deposit Priority Account); (e) immediately set-off any and all amounts in accounts maintained by the Loan Parties with the DIP Agent or the DIP Lenders against the DIP Obligations, or otherwise enforce any and all rights against the DIP Collateral in the possession of any of the applicable DIP Lenders, including, without limitation, disposition of the DIP Collateral solely for application towards the DIP Obligations; and (f) take any other actions or exercise any other rights or remedies permitted under the Interim DIP Order, the DIP Loan Documents or applicable law; provided, however, that prior to the exercise of any right in clauses (e) or (f) of this paragraph, the DIP Agent shall be required to provide five (5) business days' written notice to counsel to the Loan Parties, counsel to any Official Committee and the U.S. Trustee of the DIP Agent's intent to exercise its rights and remedies (the "Remedies Notice Period"). Unless the Court orders during the Remedies Notice Period that a Termination Event has not in fact occurred, the DIP Agent (on behalf of the DIP Secured Parties), shall be deemed to have received relief from the automatic stay and may foreclose on all or any portion of the DIP Collateral, collect accounts receivable, and apply the proceeds thereof to the DIP Obligations, occupy the Loan Parties' premises to sell or otherwise dispose of the DIP Collateral, or otherwise exercise all rights and remedies available against the DIP Collateral permitted by applicable law or equity, without further notice to, hearing of, or order from the Bankruptcy Court, and without restriction or restraint by any stay under sections 105 of 362 of the Bankruptcy Code, or otherwise, and the Loan Parties shall cooperate with the DIP Agent and the DIP Lenders in their exercise of rights and remedies, whether against the DIP Collateral or otherwise; provided, that none of the DIP Secured Parties shall object to a request by the Loan Parties for an expedited hearing before the Court during the Remedies Notice Period to determine whether a Termination Event has in fact occurred. During the Remedies Notice Period, the Loan Parties may only use Cash Collateral to pay only the following amounts and expenses solely in accordance with the respective Approved Budget line items: (i) the Carve-Out; (ii) amounts that the Loan Parties have determined in good faith are in the ordinary course, necessary expenses and critical to the preservation of the Loan Parties and their estates; and (ii) such other amounts as have been approved in advance in writing by the Required Lenders.

Without limiting any other rights or remedies of the DIP Agent or the other DIP Secured Parties, or otherwise available at law or in equity, and subject to the terms of the DIP Loan Documents, upon three business days' written notice to counsel to the Loan Parties and any landlord, lienholder, licensor, or other third party owner of any leased or licensed premises or intellectual property, that a Termination Event has occurred and is continuing, the DIP Agent, (i) may, unless otherwise expressly provided in any separate agreement by and between the applicable landlord or licensor and the DIP Agent or Second Lien Agent, as applicable (the terms of which shall be reasonably acceptable to the parties

thereto), enter upon any leased or licensed premises of the Loan Parties for the purpose of exercising any remedy with respect to DIP Collateral located thereon and (ii) shall be entitled to all of the Loan Parties' rights and privileges as lessee or licensee under the applicable license and to use any and all trademarks, trade names, copyrights, licenses, patents, or any other similar assets of the Loan Parties, which are owned by or subject to a lien of any third party and which are used by Loan Parties in their businesses, in either the case of subparagraph (i) or (ii) of this paragraph without interference from lienholders or licensors thereunder, subject to such lienholders' or licensors' rights under applicable law; provided, however, that the DIP Agent (on behalf of the DIP Secured Parties) shall pay only rent and additional rent, fees, royalties, or other monetary obligations of the Loan Parties that first arise after the written notice referenced above from the DIP Agent and that accrue during the period of such occupancy or use by DIP Agent calculated on a per diem basis. Nothing herein shall require the Loan Parties, the DIP Agent or the other DIP Secured Parties, to assume any lease or license under Bankruptcy Code section 365(a) as a precondition to the rights afforded to the DIP Agent and the other DIP Secured Parties herein.

Section 506(c), Section 552(b), Marshalling, Credit Bid

Section 506(c). Upon entry of the Final DIP Order, in partial consideration for, among other things, the Carve Out and the payments made under the Approved Budget to administer the Chapter 11 Cases with the use of Cash Collateral, no costs or expenses of administration which have been or may be incurred in the Chapter 11 Cases at any time shall be charged against any Prepetition Agent or any Prepetition Lenders or any of the Prepetition Obligations or the Prepetition Collateral pursuant to sections 105 or 506(c) of the Bankruptcy Code or otherwise for any costs and expenses incurred in connection with the preservation, protection, or enhancement of realization by the Prepetition Lenders upon the Prepetition Collateral, as applicable, without the prior express written consent of the affected Prepetition Agent and/or affected Prepetition Lender, in their sole discretion, and no such consent shall be implied, directly or indirectly, from any other action, inaction, or acquiescence by any such agents or creditors (including, without limitation, consent to the Carve-Out or the approval of any budget under the Interim DIP Order).

Section 552(b). Upon entry of the Final DIP Order, the Prepetition Agents and the Prepetition Lenders are and shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the "equities of the case" exception under section 552(b) shall not apply to the Prepetition Agents, the Prepetition Lenders or the Prepetition Obligations.

No Marshaling/Application of Proceeds. In no event shall the DIP Agent, the DIP Lenders, the Prepetition Agents or the Prepetition Lenders be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral or the Prepetition Collateral, as applicable, and all proceeds shall be received and applied in accordance with the Interim DIP Order. In the event that the DIP Obligations are paid full in cash by the Loan Parties pursuant to the terms of a confirmed chapter 11 plan or from the proceeds of a sale that includes assets of the Loan Parties, if any, that were not the subject of a valid perfected lien or security interest on the Petition Date ("Unencumbered Assets"), the proceeds of such Unencumbered Assets shall be deemed applied to the DIP Obligations prior to the proceeds of other DIP Collateral.

EXHIBIT C TO THE DISCLOSURE STATEMENT

NGR'S PREPETITION CORPORATE REORGANIZATION

THE PREPETITION REORGANIZATION

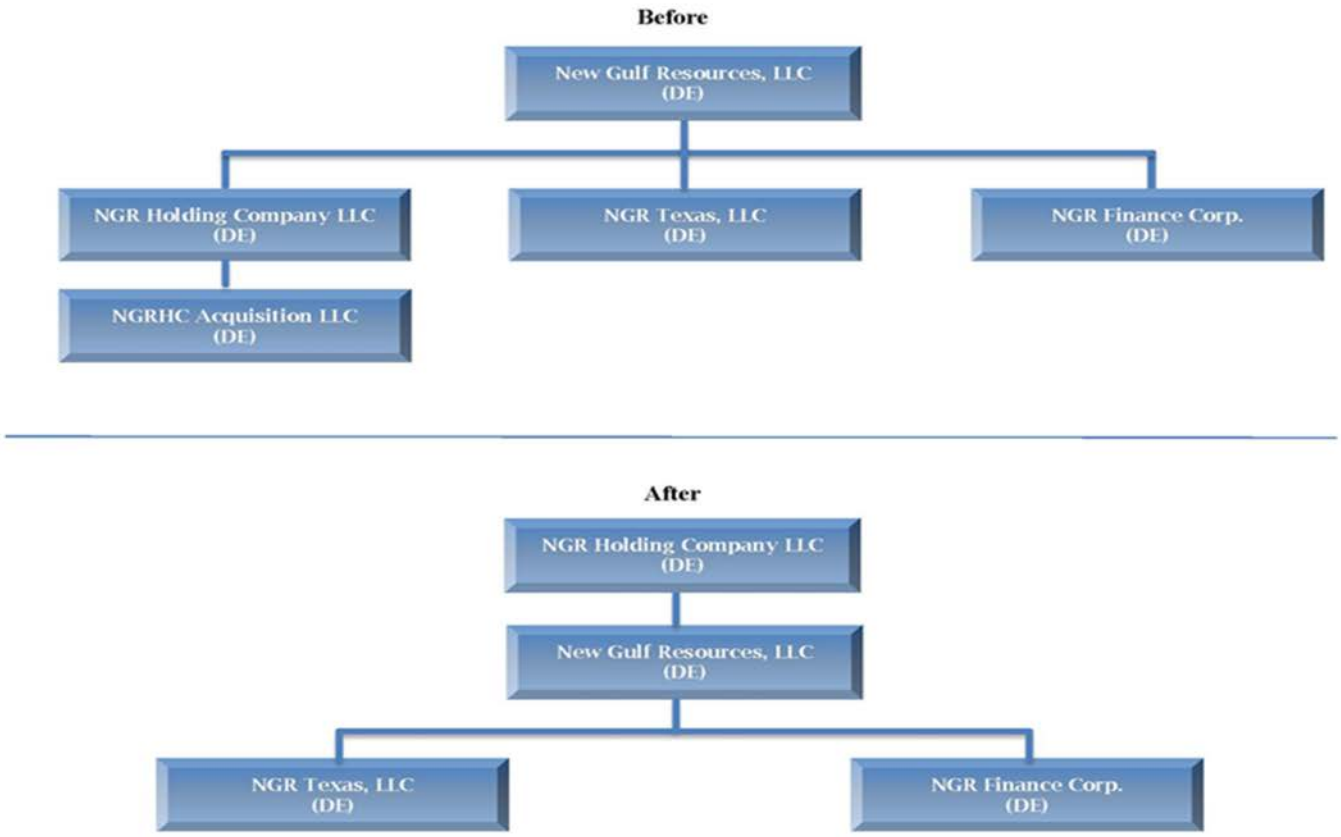
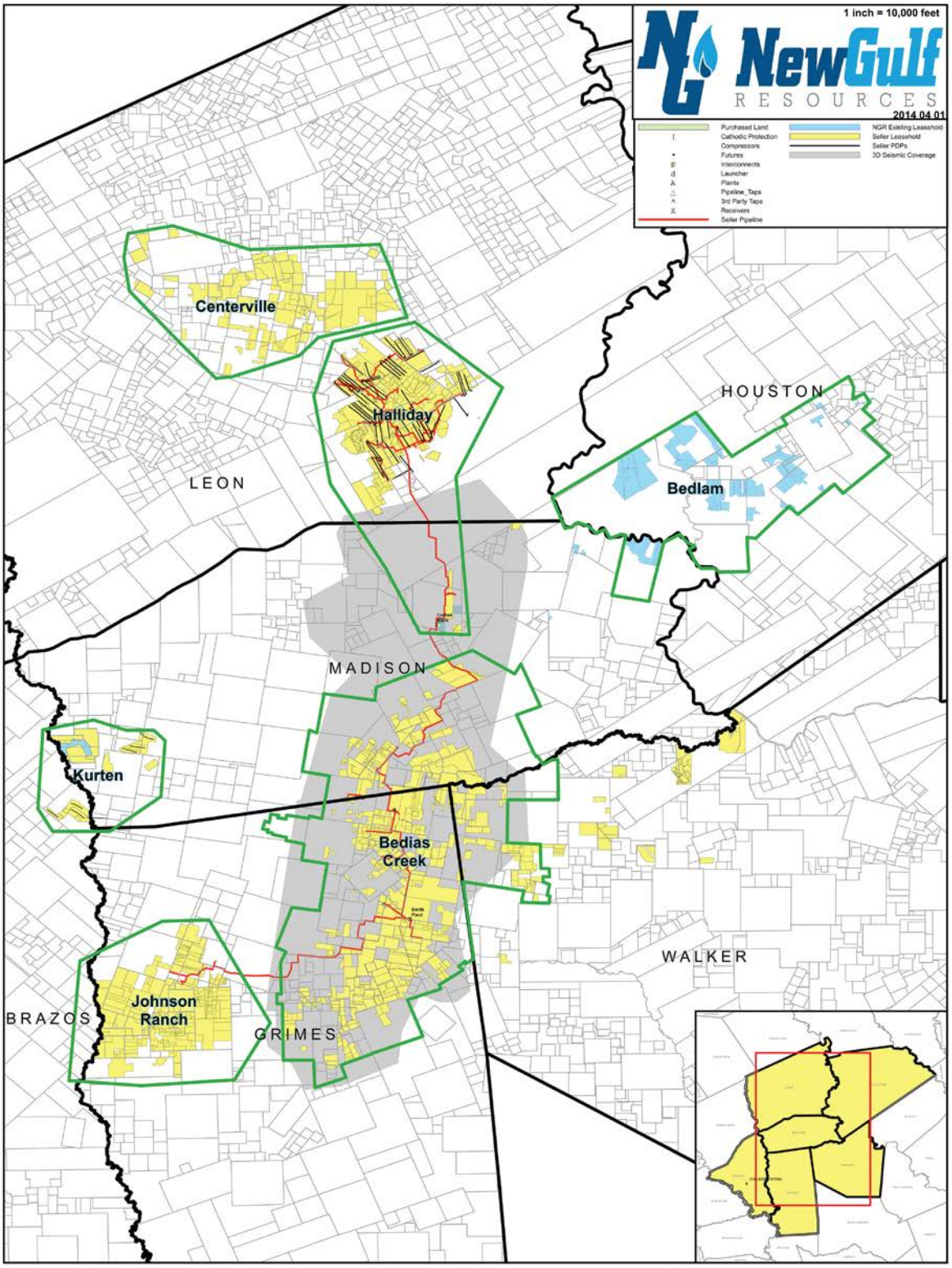


EXHIBIT D TO THE DISCLOSURE STATEMENT

MAP OF PRINCIPAL PROPERTIES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Purchased Land
Cathodic Protection
Compressors
Futures
Interconnects
Launcher
Plants
Pipeline_Taps
3rd Party Taps
Receivers
Seller Pipeline
NGR Existing Leasehold
Seller Leasehold
Seller PDPs
3D Seismic Coverage
Centerville
Halliday
LEON
HOUSTON
Bedlam
MADISON
Kurten
Bedias Creek
WALKER
Johnson Ranch
BRAZOS
GRIMES

EXHIBIT E TO THE DISCLOSURE STATEMENT

RESERVE REPORT

EVALUATION SUMMARY

NEW GULF RESOURCES INTERESTS

TOTAL PROVED RESERVES

CERTAIN PROPERTIES IN VARIOUS COUNTIES IN TEXAS

AS OF OCTOBER 1, 2015

STRIP PRICING CASE

CG&A
CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS

EVALUATION SUMMARY

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STRIP PRICING CASE

CAWLEY, GILLESPIE & ASSOCIATES, INC.
PETROLEUM CONSULTANTS
Texas Registered Engineering Firm F-693

ROBERT D. RAVNAAS, P.E.
PRESIDENT

CAWLEY, GILLESPIE & ASSOCIATES, INC.

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October 23, 2015

Mr. Wink Kopczynski, Jr.
Senior VP Production & Engineering
New Gulf Resources
10441 S. Regal Blvd, Suite 210
Tulsa, Oklahoma 74133

Re: Evaluation Summary – Strip Pricing Case
New Gulf Resources Interests
Total Proved Reserves
Certain Properties in Various Counties in Texas
As of October 1, 2015

Dear Mr. Kopczynski:

As requested, we are submitting estimates of total proved reserves and forecasts of economics attributable to the New Gulf Resources interests in certain oil and gas properties located in various counties in Texas. Below is the composite summary of all properties evaluated by Cawley, Gillespie & Associates (CG&A) from the New Gulf Resources interests.

		Proved Developed Producing	Proved Developed Non-Producing	Proved Developed (Behind-Pipe)	Proved Developed (Shut-In)	Proved Unde-veloped	Total Proved
Net Reserves							
Oil	- Mbbl	4,225.6	11.1	27.3	114.2	6,046.9	10,425.1
Gas	- MMcf	6,113.3	9.1	0.0	1,667.4	14,342.5	22,132.3
NGL	- Mbbl	1,140.6	1.7	0.0	303.2	2,607.7	4,053.1
Revenue							
Oil	- M$	220,932.7	586.1	1,413.6	5,850.9	321,709.7	550,493.0
Gas	- M$	16,106.5	24.4	0.0	4,324.6	38,304.2	58,759.8
NGL	- Mbbl	17,546.0	26.1	0.0	4,556.3	40,717.3	62,845.7
Severance and		12,725.5	30.8	65.2	937.3	20,784.4	34,543.3
Ad Valorem Taxes	- M$	3,824.7	9.5	21.2	223.8	6,011.0	10,090.3
Operating Expenses	- M$	82,713.8	270.9	47.5	3,261.6	83,036.5	169,330.3
Other Deductions	- M$	19,087.2	28.5	0.0	3,222.1	26,190.9	48,528.8
Investments	- M$	2,848.6	18.0	170.5	506.3	138,854.1	142,397.4
Net OP Income (BFIT)	- M$	133,385.4	278.9	1,109.1	6,580.8	125,854.3	267,208.4
Discounted @ 10%	**- M$**	**88,027.4**	**177.7**	**716.5**	**5,135.2**	**44,309.0**	**138,365.7**

The discounted cash flow values shown above should not be construed to represent an estimate of the fair market value by Cawley, Gillespie & Associates, Inc.

Presentation

The accompanying tabulations present the results of our evaluation. The report is divided into six main sections: Total Proved ("TP"), Proved Developed Producing ("PDP"), Proved Developed Non-Producing ("PDNP"), Proved Developed Behind-Pipe ("PDBP"), Proved Developed Shut-In ("PDSI"), and Proved Undeveloped ("PUD") reserves. Within each reserve category section is a Table I and Table II. Each Table I presents composite reserve estimates and economic forecasts for the particular reserve category. Following each Table I is a Table II "oneline" summary that presents estimates of ultimate recovery, gross and net reserves, ownership, net revenue, taxes, expenses, investments, net income, and discounted cash flow for the individual properties that make up the corresponding Table I. The data presented in the tables are explained in page 1 of the Appendix. The methods employed in estimating reserves are described in page 2 of the Appendix.

Hydrocarbon Pricing

As requested for the NYMEX Strip Price scenario, oil and gas prices were adjusted to the following index prices as quoted on September 30, 2015:

Year	WTI Oil Price $/BBL	HH Gas Price $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Oil and gas prices were held constant beginning January 1, 2019 at $56.81 per BBL and $3.108 per MMBTU, respectively. Adjustments to oil and gas prices were made based upon data provided by your office. These adjustments include treating cost, transportation charges and/or crude quality and gravity corrections.

Expenses and Taxes

Lease operating costs and investments were forecast on a per property basis as furnished by your office and were not escalated. Per well operating expenditures were applied against a projected well-count as provided by your office. Severance tax values were applied at normal state percentages of oil and gas revenue. Ad Valorem tax rates were forecast as provided by your office.

Miscellaneous

An on-site field inspection of the properties has not been performed nor has the mechanical operation or condition of the wells and their related facilities been examined, nor have the wells been tested by Cawley, Gillespie & Associates, Inc. Possible environmental liability related to the properties has not been investigated or considered. However, the estimated net cost of plugging and the salvage value of equipment at abandonment have been included as provided by your office.

The proved reserve classifications used herein conform to the criteria of the Securities and Exchange Commission as defined in page 3-4 of the Appendix. The reserves and economics are predicated on regulatory agency classifications, rules, policies, laws, taxes and royalties in effect on the effective date, except as noted herein. The possible effects of changes in legislation or other Federal or State restrictive actions have not been considered. All reserve estimates represent our best

judgment based on data available at the time of preparation, and assumptions as to future economic and regulatory conditions. It should be realized that the reserves actually recovered, the revenue derived therefrom and the actual cost incurred could be more or less than the estimated amounts.

The reserve estimates and forecasts were based upon interpretations of data furnished by your office and available from our files. Production data, ownership information, price differentials, expenses, projected well count, investments and tax rates were furnished by your office and were accepted as furnished. To some extent, information from public records was used to check and/or supplement these data. The basic engineering and geological data were utilized subject to third party reservations and qualifications. Nothing has come to our attention, however, that would cause us to believe that we are not justified in relying on such data.

Cawley, Gillespie & Associates, Inc. is a Texas Registered Engineering Firm (F-693), made up of independent registered professional engineers and geologists that have provided petroleum consulting services to the oil and gas industry for over 50 years. CG&A does not own an interest in the properties or New Gulf Resources and is not employed on a contingent basis. CG&A has used all methods and procedures considered necessary under the circumstances to prepare this report and its work papers and related data are available for inspection and review by authorized, interested parties.

Yours very truly,

Cawley, Gillespie & Associates, Inc.
Texas Registered Engineering Firm F-693

Table 1-12

Composite Reserve Estimates and Economic Forecasts
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Total Proved Reserves
As of October 1, 2015

(1) End Mo-Year	(2) Gross Oil Production MBBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLS	(5) Net Oil Production MBBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLS	(8) Avg Oil Price $/BBL	(9) Avg Gas Price $/MCF	(10) Avg NGL Price $/BBL
12-2015	360.8	1,137.7	141.2	228.422	503.321	92.634	-2.090 43.410	0.876 2.277	0.284 12.922
12-2016	1,994.2	6,351.4	778.0	1,120.097	2,693.570	493.500	-2.090 46.730	0.876 2.456	0.284 13.865
12-2017	2,836.7	9,553.3	1,159.1	1,402.667	3,833.728	700.045	-2.090 50.340	0.876 2.617	0.284 14.890
12-2018	2,815.4	7,776.3	943.9	1,230.865	2,690.437	491.704	-2.090 52.860	0.876 2.670	0.284 15.606
12-2019	1,964.5	5,336.0	649.7	878.777	1,878.392	343.735	-2.090 54.720	0.876 2.722	0.284 16.134
12-2020	1,550.9	4,169.5	508.6	707.202	1,486.397	272.200	-2.090 54.720	0.876 2.722	0.284 16.134
12-2021	1,300.4	3,457.5	422.2	598.564	1,238.629	226.925	-2.090 54.720	0.876 2.722	0.284 16.134
12-2022	1,129.5	2,979.0	363.9	520.732	1,067.126	195.545	-2.090 54.720	0.876 2.722	0.284 16.134
12-2023	1,001.4	2,628.5	321.3	462.299	941.859	172.633	-2.090 54.720	0.876 2.722	0.284 16.134
12-2024	907.1	2,366.9	289.4	418.889	847.266	155.319	-2.090 54.720	0.876 2.722	0.284 16.134
12-2025	821.0	2,120.0	259.3	377.730	755.341	138.489	-2.090 54.720	0.876 2.722	0.284 16.134
12-2026	745.8	1,915.2	234.2	341.193	678.967	124.488	-2.090 54.720	0.876 2.722	0.284 16.134
12-2027	676.8	1,732.8	212.0	307.696	611.415	112.122	-2.090 54.720	0.876 2.722	0.284 16.134
12-2028	609.7	1,556.9	190.6	274.408	545.849	100.126	-2.090 54.720	0.876 2.722	0.284 16.134
12-2029	543.7	1,332.5	163.3	241.648	459.188	84.288	-2.090 54.720	0.876 2.722	0.284 16.134
12-2030	486.1	1,178.3	144.4	211.649	398.829	73.219	-2.090 54.720	0.876 2.722	0.284 16.134
12-2031	433.5	1,010.1	123.8	184.996	330.775	60.743	-2.090 54.720	0.876 2.722	0.284 16.134
12-2032	368.8	702.9	86.4	148.293	195.654	36.070	-2.090 54.720	0.876 2.722	0.284 16.134
12-2033	321.2	599.2	73.6	127.540	159.906	29.482	-2.090 54.720	0.876 2.722	0.284 16.134
S Tot	20,867.4	57,904.1	7,064.7	9,783.667	21,316.648	3,903.266	52.679	2.652	15.481
After	1,760.8	3,337.9	407.1	641.4	815.630	149.879	54.720	2.722	16.134
Total	22,628.2	61,242.1	7,471.9	10,425.058	22,132.278	4,053.144	52.805	2.655	15.505
Cum	7,299.9	10,168.5	5.7						
Ult	29,928.1	71,410.5	7,477.6						

(11) End Mo-Year	(12) Oil Revenue M$	(13) Gas Revenue M$	(14) NGL Revenue M$	(15) Hedge Revenue M$	(16) Other Revenue M$	(17) Total Revenue M$	(18) Production Taxes M$	(19) Ad Valorem Taxes M$	(20) $/BOE6
12-2015	9,915.794	1,145.972	1,197.013	0.000	0.000	12,258.779	634.059	185.674	8.903
12-2016	52,342.131	6,616.319	6,842.317	0.000	0.000	65,800.767	3,428.122	990.552	7.171
12-2017	70,610.238	10,034.658	10,423.752	0.000	0.000	91,068.648	4,796.532	1,367.516	6.767
12-2018	65,063.531	7,183.492	7,673.431	0.000	0.000	79,920.455	4,119.076	1,199.887	8.024
12-2019	48,086.680	5,112.374	5,545.833	0.000	0.000	58,744.887	3,019.808	882.240	9.826
12-2020	38,698.110	4,045.491	4,391.681	0.000	0.000	47,135.282	2,419.687	706.847	11.308
12-2021	32,753.428	3,371.146	3,661.221	0.000	0.000	39,785.794	2,039.816	596.787	12.679
12-2022	28,494.465	2,904.372	3,154.932	0.000	0.000	34,553.769	1,770.171	518.307	13.810
12-2023	25,297.016	2,563.434	2,785.262	0.000	0.000	30,645.712	1,569.230	459.686	14.961
12-2024	22,921.626	2,305.982	2,505.927	0.000	0.000	27,733.535	1,419.285	416.003	16.204
12-2025	20,669.390	2,055.793	2,234.386	0.000	0.000	24,959.569	1,276.153	374.394	17.388
12-2026	18,670.074	1,847.928	2,008.491	0.000	0.000	22,526.493	1,151.302	337.897	18.480
12-2027	16,837.100	1,664.072	1,808.988	0.000	0.000	20,310.160	1,037.914	304.652	19.606
12-2028	15,015.600	1,485.624	1,615.436	0.000	0.000	18,116.660	925.909	271.750	20.517
12-2029	13,222.975	1,249.761	1,359.901	0.000	0.000	15,832.637	806.266	237.490	21.622
12-2030	11,581.419	1,085.482	1,181.312	0.000	0.000	13,848.213	704.754	207.723	22.555
12-2031	10,122.987	900.262	980.025	0.000	0.000	12,003.274	608.414	180.049	23.644
12-2032	8,114.575	532.507	581.961	0.000	0.000	9,229.043	458.197	138.436	23.456
12-2033	6,978.981	435.211	475.664	0.000	0.000	7,889.856	390.497	118.348	24.227
S Tot	515,396.121	56,539.881	60,427.532	0.000	0.000	632,363.534	32,575.191	9,494.237	12.043
After	35,096.912	2,219.881	2,418.149	0.000	0.000	39,734.941	1,968.092	596.024	30.520
Total	550,493.032	58,759.761	62,845.681	0.000	0.000	672,098.475	34,543.284	10,090.261	13.008

(21) End Mo-Year	(22) Operating Expense M$	(23) Wells Gross Count	(24) Wells Net Count	(25) Workover Expense M$	(26) 3rd Party COPAS M$	(27) Other Deductions M$	(28) Investment M$	(29) Future Net Cash Flow M$	(30) Cumulative Cash Flow M$	(31) Cum.Cash Flow Disc.@ 10.0% M$
12-2015	1,866.416	88	72.6	0.000	0.000	1,449.976	6,253.007	1,869.648	1,869.648	1,899.880
12-2016	7,142.231	98	78.7	0.000	0.000	6,409.704	65,302.283	-17,472.126	-15,602.478	-14,646.473
12-2017	9,102.203	120	91.2	0.000	0.000	7,791.426	61,058.480	6,952.491	-8,649.987	-8,705.238
12-2018	10,072.473	127	92.2	0.000	0.000	5,966.654	5,429.901	53,132.464	44,482.476	31,694.020
12-2019	9,953.767	125	90.3	0.000	0.000	3,953.230	.000	40,935.841	85,418.318	59,947.990
12-2020	9,636.815	122	88.0	0.000	0.000	3,162.606	667.130	30,542.197	115,960.514	79,036.616
12-2021	9,426.053	119	86.0	0.000	0.000	2,650.951	74.039	24,998.149	140,958.663	93,157.496
12-2022	9,113.876	116	83.2	0.000	0.000	2,288.575	55.096	20,807.744	161,766.407	103,796.213
12-2023	8,919.375	113	81.3	0.000	0.000	2,024.112	72.080	17,601.229	179,367.637	111,942.916
12-2024	8,887.148	112	80.5	0.000	0.000	1,824.710	84.033	15,102.357	194,469.993	118,270.214
12-2025	8,694.507	112	80.5	0.000	0.000	1,627.554	74.711	12,912.250	207,382.244	123,165.419
12-2026	8,432.108	107	75.7	0.000	0.000	1,459.630	106.500	11,039.056	218,421.300	126,955.101
12-2027	8,144.099	105	74.0	0.000	0.000	1,315.147	70.869	9,437.479	227,858.779	129,887.629
12-2028	7,658.429	100	69.9	0.000	0.000	1,173.225	30.000	8,057.347	235,916.126	132,154.018
12-2029	7,074.580	94	65.3	0.000	0.000	989.561	.000	6,724.740	242,640.867	133,866.165
12-2030	6,502.085	88	59.9	0.000	0.000	844.514	178.875	5,410.262	248,051.128	135,113.106
12-2031	5,898.554	83	54.9	0.000	0.000	712.479	65.463	4,538.315	252,589.443	136,060.318
12-2032	4,308.773	68	41.6	0.000	0.000	484.452	152.525	3,686.660	256,276.103	136,757.175
12-2033	3,797.722	61	35.8	0.000	0.000	402.179	171.563	3,009.548	259,285.651	137,271.817
S Tot	144,631.215			0.000	0.000	46,530.684	139,846.554	259,285.651	259,285.651	137,271.817
After	24,699.131			0.000	0.000	1,998.090	2,550.834	7,922.769	267,208.420	138,365.739
Total	169,330.346			0.000	0.000	48,528.777	142,397.388	267,208.420	267,208.420	138,365.739

NYMEX 09-30-2015 Pricing

Year	WTI Cushing Oil $/STB	Henry Hub Gas $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Percent	Cum. Disc.
8.00	156,142.319
10.00	138,365.739
15.00	104,051.828
20.00	79,733.167
30.00	48,484.181
40.00	30,102.058
45.00	23,714.758
50.00	18,601.627
55.00	14,473.154

3 Months in first year **Year Life (10/2015)**

Composite Reserve Estimates and Economic Forecasts
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Producing Reserves
As of October 1, 2015

(1) End Mo-Year	(2) Gross Oil Production MBBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLS	(5) Net Oil Production MBBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLS	(8) Avg Oil Price $/BBL	(9) Avg Gas Price $/MCF	(10) Avg NGL Price $/BBL
12-2015	349.5	871.5	109.3	221.238	376.548	69.584	-2.090 43.410	0.876 2.277	0.284 12.922
12-2016	1,002.3	2,285.1	290.0	632.858	995.322	184.728	-2.090 46.730	0.876 2.456	0.284 13.865
12-2017	734.6	1,579.6	202.2	463.385	690.117	128.479	-2.090 50.340	0.876 2.617	0.284 14.890
12-2018	595.7	1,254.6	161.3	377.341	548.699	102.297	-2.090 52.860	0.876 2.670	0.284 15.606
12-2019	507.0	1,050.7	135.4	321.399	460.427	85.923	-2.090 54.720	0.876 2.722	0.284 16.134
12-2020	441.3	912.6	117.8	279.447	400.051	74.682	-2.090 54.720	0.876 2.722	0.284 16.134
12-2021	389.0	800.2	103.3	246.969	351.909	65.704	-2.090 54.720	0.876 2.722	0.284 16.134
12-2022	346.0	711.0	91.8	218.903	311.702	58.195	-2.090 54.720	0.876 2.722	0.284 16.134
12-2023	309.7	639.7	82.6	196.365	281.132	52.500	-2.090 54.720	0.876 2.722	0.284 16.134
12-2024	283.5	585.2	75.6	179.691	256.975	47.994	-2.090 54.720	0.876 2.722	0.284 16.134
12-2025	255.3	512.9	66.4	161.254	224.515	41.975	-2.090 54.720	0.876 2.722	0.284 16.134
12-2026	228.1	453.3	58.8	143.589	197.866	37.015	-2.090 54.720	0.876 2.722	0.284 16.134
12-2027	203.2	401.4	52.2	127.528	175.101	32.793	-2.090 54.720	0.876 2.722	0.284 16.134
12-2028	176.1	345.5	45.2	110.061	150.493	28.243	-2.090 54.720	0.876 2.722	0.284 16.134
12-2029	150.9	272.5	36.1	93.653	117.171	22.103	-2.090 54.720	0.876 2.722	0.284 16.134
12-2030	126.4	222.6	29.7	76.637	93.282	17.665	-2.090 54.720	0.876 2.722	0.284 16.134
12-2031	109.9	193.3	25.8	66.552	81.133	15.353	-2.090 54.720	0.876 2.722	0.284 16.134
12-2032	93.9	165.4	21.9	57.081	69.939	13.213	-2.090 54.720	0.876 2.722	0.284 16.134
12-2033	73.8	136.7	18.1	45.832	58.961	11.128	-2.090 54.720	0.876 2.722	0.284 16.134
S Tot	6,376.4	13,393.7	1,723.5	4,019.786	5,841.343	1,089.574	52.160	2.631	15.348
After	341.6	686.3	88.9	205.8	271.949	51.028	54.720	2.722	16.134
Total	6,718.0	14,079.9	1,812.4	4,225.565	6,113.292	1,140.601	52.285	2.635	15.383
Cum	6,886.6	9,948.1	5.7						
Ult	13,604.6	24,028.0	1,818.1						

(11) End Mo-Year	(12) Oil Revenue M$	(13) Gas Revenue M$	(14) NGL Revenue M$	(15) Hedge Revenue M$	(16) Other Revenue M$	(17) Total Revenue M$	(18) Production Taxes M$	(19) Ad Valorem Taxes M$	(20) $/BOE6
12-2015	9,603.939	857.331	899.163	0.000	0.000	11,360.433	575.579	171.981	9.149
12-2016	29,573.477	2,444.847	2,561.225	0.000	0.000	34,579.549	1,741.674	520.971	10.279
12-2017	23,326.781	1,806.360	1,913.073	0.000	0.000	27,046.213	1,356.237	406.564	12.614
12-2018	19,946.260	1,465.031	1,596.424	0.000	0.000	23,007.715	1,150.587	345.764	14.254
12-2019	17,586.972	1,253.133	1,386.287	0.000	0.000	20,226.392	1,009.891	304.134	15.040
12-2020	15,291.340	1,088.809	1,204.926	0.000	0.000	17,585.075	877.982	263.593	16.124
12-2021	13,514.137	957.782	1,060.063	0.000	0.000	15,531.982	775.242	232.980	17.251
12-2022	11,978.384	848.352	938.924	0.000	0.000	13,765.660	687.048	206.485	18.063
12-2023	10,745.096	765.150	847.045	0.000	0.000	12,357.291	616.981	185.359	19.075
12-2024	9,832.692	699.402	774.331	0.000	0.000	11,306.425	564.474	169.596	20.448
12-2025	8,823.838	611.057	677.228	0.000	0.000	10,112.124	503.985	151.682	21.719
12-2026	7,857.205	538.527	597.199	0.000	0.000	8,992.931	447.916	134.894	22.769
12-2027	6,978.311	476.569	529.079	0.000	0.000	7,983.959	397.585	119.759	23.858
12-2028	6,022.562	409.594	455.675	0.000	0.000	6,887.830	342.933	103.317	24.422
12-2029	5,124.715	318.902	356.607	0.000	0.000	5,800.224	287.243	87.003	25.162
12-2030	4,193.585	253.882	285.002	0.000	0.000	4,732.469	234.009	70.987	25.035
12-2031	3,641.737	220.817	247.710	0.000	0.000	4,110.264	203.257	61.654	25.919
12-2032	3,123.489	190.351	213.180	0.000	0.000	3,527.020	174.458	52.905	26.561
12-2033	2,507.949	160.472	179.546	0.000	0.000	2,847.967	141.281	42.719	26.346
S Tot	209,672.467	15,366.369	16,722.687	0.000	0.000	241,761.524	12,088.362	3,632.350	16.313
After	11,260.210	740.157	823.281	0.000	0.000	12,823.648	637.090	192.355	30.918
Total	220,932.677	16,106.526	17,545.968	0.000	0.000	254,585.172	12,725.452	3,824.705	17.007

(21) End Mo-Year	(22) Operating Expense M$	(23) Wells Gross Count	(24) Wells Net Count	(25) Workover Expense M$	(26) 3rd Party COPAS M$	(27) Other Deductions M$	(28) Investment M$	(29) Future Net Cash Flow M$	(30) Cumulative Cash Flow M$	(31) Cum.Cash Flow Disc.@ 10.0% M$
12-2015	1,807.878	83	69.5	0.000	0.000	1,204.098	137.257	7,463.639	7,463.639	7,372.590
12-2016	6,011.172	68	56.7	0.000	0.000	3,433.228	.000	22,872.504	30,336.143	28,689.491
12-2017	5,824.235	65	54.1	0.000	0.000	2,524.881	.000	16,934.296	47,270.439	42,950.952
12-2018	5,663.513	63	52.8	0.000	0.000	1,966.534	.000	13,881.316	61,151.755	53,525.259
12-2019	5,502.232	61	50.9	0.000	0.000	1,325.860	.000	12,084.276	73,236.031	61,857.246
12-2020	5,211.409	59	49.5	0.000	0.000	1,152.337	506.977	9,572.776	82,808.807	67,846.115
12-2021	5,000.647	56	47.5	0.000	0.000	1,008.483	74.039	8,440.592	91,249.399	72,611.992
12-2022	4,688.470	53	44.7	0.000	0.000	887.232	48.065	7,248.360	98,497.759	76,317.300
12-2023	4,493.969	50	42.8	0.000	0.000	796.502	72.080	6,192.399	104,690.157	79,183.810
12-2024	4,461.742	49	42.0	0.000	0.000	726.290	50.283	5,334.039	110,024.197	81,418.678
12-2025	4,269.101	49	42.0	0.000	0.000	638.359	74.711	4,474.285	114,498.482	83,114.943
12-2026	4,006.702	44	37.2	0.000	0.000	561.426	106.500	3,735.492	118,233.974	84,398.032
12-2027	3,748.226	42	35.5	0.000	0.000	499.058	70.869	3,148.462	121,382.437	85,376.527
12-2028	3,316.680	38	32.0	0.000	0.000	432.190	30.000	2,662.710	124,045.147	86,125.549
12-2029	2,862.877	33	28.1	0.000	0.000	346.469	.000	2,216.633	126,261.780	86,689.921
12-2030	2,326.227	29	24.1	0.000	0.000	269.104	178.875	1,653.267	127,915.047	87,070.901
12-2031	2,104.128	24	19.1	0.000	0.000	230.008	65.463	1,445.754	129,360.801	87,372.716
12-2032	1,856.351	22	18.2	0.000	0.000	197.488	130.428	1,115.391	130,476.192	87,583.922
12-2033	1,493.868	20	16.3	0.000	0.000	163.114	147.188	859.796	131,335.988	87,730.957
S Tot	74,649.429			0.000	0.000	18,362.660	1,692.733	131,335.988	131,335.988	87,730.957
After	8,064.413			0.000	0.000	724.572	1,155.829	2,049.389	133,385.377	88,027.368
Total	82,713.842			0.000	0.000	19,087.232	2,848.563	133,385.377	133,385.377	88,027.368

NYMEX 09-30-2015 Pricing

Year	WTI Cushing Oil $/STB	Henry Hub Gas $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Percent	Cum. Disc.
8.00	94,503.030
10.00	88,027.368
15.00	75,202.433
20.00	65,738.463
30.00	52,763.016
40.00	44,294.328
45.00	41,071.593
50.00	38,321.983
55.00	35,946.916

3 Months in first year Year Life (10/2015)

Table II PDP

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OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
FORT TRINIDAD E MADISON (BUDA / GEORGETOWN) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
IRON DUKE A #1 (B/GT)							67.5000 NI	**1**	**99.5**	**96.3**	**65.0**	**3,279.4**	**338.1**	**2,189.2**	**3,117.5**	**2,535.3**
	1	PDP	Oil	279			90.0000 WI	**13.0**	**1,089.3**	**1,054.9**	**470.0**	**1,210.9**	**86.5**	**33.8**		
FORT TRINIDAD E MADISON (BUDA/GEORGETOWN/EDWA) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
BARRETT #1 (COMG) (V_RESOURC							75.0000 NI	**1**	**129.6**	**120.3**	**90.2**	**4,553.3**	**352.2**	**2,279.3**	**3,678.1**	**2,974.9**
	2	PDP	Oil	1040			100.0000 WI	**13.4**	**769.4**	**721.6**	**357.2**	**920.8**	**96.7**	**37.5**		
AGUILA VADO (EAGLE FORD) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
FLY SWATTER A #1 (EF) (V_RESO							48.7500 NI	**1**	**3.6**	**3.6**	**1.8**	**80.2**	**3.7**	**26.1**	**48.4**	**46.5**
	3	PDP	Oil	1118			65.0000 WI	**1.1**	**0.0**	**0.0**	**0.0**	**0.0**	**2.0**	**0.0**		
FORT TRINIDAD E MADISON (GLEN ROSE/EDWARDS/BU) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
SIX SHOOTER A #1 (COMG) (V_RE							67.5000 NI	**1**	**23.3**	**15.4**	**10.4**	**523.6**	**118.9**	**880.1**	**725.0**	**622.1**
	4	PDP	Gas	280			90.0000 WI	**9.5**	**744.2**	**533.8**	**237.8**	**614.3**	**26.8**	**33.8**		
AGUILA VADO (WOODBINE) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
CHARLES M BAKER 1H							48.7500 NI	**1**	**11.9**	**0.5**	**0.2**	**10.4**	**0.6**	**35.0**	**-48.6**	**-38.4**
	5	PDP	Oil	106			65.0000 WI	**0.3**	**18.6**	**0.7**	**0.2**	**0.5**	**0.2**	**24.4**		
FORT TRINADAD E HOUSTON (BUDA) -- HOUSTON COUNTY, TEXAS																
NEW GULF RESOURCES																
GAYLOR #1							77.9500 NI	**1**	**27.4**	**2.7**	**2.1**	**96.6**	**4.9**	**87.4**	**-27.6**	**-11.6**
	6	PDP	Oil	359			97.4375 WI	**0.9**	**6.6**	**2.4**	**1.3**	**3.0**	**1.5**	**36.5**		
FORT TRINIDAD E HOUSTON (BUDA) -- HOUSTON COUNTY, TEXAS																
NEW GULF RESOURCES																
GAYLOR #2 (BUDA)							80.0000 NI	**1**	**13.0**	**1.0**	**0.8**	**35.5**	**2.3**	**35.6**	**-32.2**	**-16.8**
	7	PDP	Oil	677			100.0000 WI	**0.3**	**27.1**	**3.3**	**1.8**	**4.1**	**0.7**	**37.5**		
FORT TRINIDAD E HOUSTON (BUDA/EDWARDS) -- HOUSTON COUNTY, TEXAS																
NEW GULF RESOURCES																
GAYLOR #3 (B/ED)							80.0000 NI	**1**	**89.2**	**48.4**	**38.7**	**1,966.7**	**111.2**	**977.0**	**1,079.3**	**906.6**
	8	PDP	Oil	678			100.0000 WI	**9.4**	**166.5**	**96.7**	**51.1**	**132.5**	**33.6**	**37.5**		
FORT TRINIDAD E HOUSTON (BUDAROSE) -- HOUSTON COUNTY, TEXAS																
NEW GULF RESOURCES																
GAYLOR #12							80.0000 NI	**1**	**272.4**	**245.6**	**196.5**	**10,110.7**	**571.5**	**3,484.4**	**7,239.4**	**5,182.6**
	9	PDP	Oil	740			100.0000 WI	**24.9**	**540.9**	**491.2**	**259.4**	**677.5**	**172.6**	**37.5**		
FORT TRINIDAD E HOUSTON (GLEN ROSE) -- HOUSTON COUNTY, TEXAS																
NEW GULF RESOURCES																
LUNDY #1							40.4095 NI	**0**	**9.7**		**Non-Commercial**					
	10	PDP	Gas	358			52.7144 WI	**0.0**	**26.7**							
RED OAK (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
LEATHERS 1							75.0000 NI	**1**	**13.6**	**0.2**	**0.1**	**5.5**	**0.3**	**8.4**	**-40.7**	**-25.4**
	11	PDP	Oil	94			100.0000 WI	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**37.5**		

Table II-PDP (cont.)

Lease Reserve Summary
New Gulf Resources Interests
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OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
ALABAMA FERRY (GLENROSE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
SEALE WARD B1							59.9700 NI	**1**	**11.7**	**0.0**	**0.0**	**0.0**	**0.3**	**13.3**	**-39.8**	**-27.5**
	12	PDP	Gas			117	79.9600 WI	**0.3**	**278.3**	**2.1**	**0.8**	**1.9**	**0.1**	**30.0**		
MADISONVILLE, MADISON (SUB-CLARKSVILLE-GAS) -- MADISON COUNTY, TEXAS																
CARTER-LANGHAM INC.																
KEY							16.9326 NI	**1**	**49.9**	**0.1**	**0.0**	**0.7**	**0.2**	**7.0**	**-12.1**	**-8.8**
	13	PDP	Gas	1		93	21.2079 WI	**0.3**	**2,799.7**	**4.8**	**0.5**	**1.2**	**0.0**	**8.0**		
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
ROBESON 2H							79.6929 NI	**1**	**435.2**	**316.6**	**252.3**	**13,357.3**	**727.1**	**5,011.0**	**8,831.8**	**5,241.2**
	14	PDP	Oil			33	100.0000 WI	**24.2**	**553.5**	**427.5**	**258.9**	**689.9**	**222.4**	**37.5**		
KEELING BUNYARD 1H							65.6297 NI	**1**	**497.0**	**333.9**	**219.1**	**11,606.5**	**606.9**	**3,693.5**	**8,032.6**	**4,678.7**
	15	PDP	Oil			124	87.5544 WI	**25.7**	**443.8**	**333.9**	**166.5**	**443.9**	**188.3**	**32.8**		
AM EASTERLING-GRESHAM A 1H							63.8700 NI	**1**	**663.5**	**320.7**	**203.8**	**10,797.1**	**581.8**	**2,815.3**	**8,301.0**	**4,629.2**
	16	PDP	Oil			28	85.1207 WI	**30.2**	**771.7**	**481.1**	**201.7**	**537.9**	**178.6**	**31.9**		
PATRICK 1H							69.9317 NI	**1**	**586.9**	**297.0**	**207.7**	**11,032.6**	**617.2**	**3,227.1**	**8,286.6**	**4,641.8**
	17	PDP	Oil			27	94.0208 WI	**29.2**	**904.9**	**564.4**	**260.5**	**695.6**	**187.1**	**152.8**		
ROCHAMP B 1H (PUD #27)							77.4752 NI	**1**	**216.2**	**189.0**	**146.4**	**7,535.8**	**396.7**	**2,653.5**	**4,975.2**	**3,669.4**
	18	PDP	Oil			670	100.0000 WI	**17.6**	**256.5**	**236.2**	**120.8**	**315.8**	**122.8**	**37.5**		
TOWNSELL A 2H							74.5813 NI	**1**	**276.9**	**180.6**	**134.7**	**7,126.8**	**495.1**	**3,642.7**	**5,023.2**	**3,071.0**
	19	PDP	Oil			79	99.7949 WI	**22.0**	**903.9**	**686.5**	**389.1**	**1,036.4**	**140.1**	**37.4**		
EASTERLING 1H							70.5914 NI	**1**	**440.1**	**196.4**	**138.6**	**7,322.8**	**390.9**	**2,791.9**	**4,689.7**	**2,899.6**
	20	PDP	Oil			26	90.6995 WI	**21.7**	**423.7**	**274.9**	**128.0**	**340.8**	**120.4**	**34.0**		
ROCHAMP A 2H (PUD #28)							78.4716 NI	**1**	**163.2**	**141.9**	**111.4**	**5,705.1**	**300.3**	**2,194.3**	**3,572.5**	**2,752.8**
	21	PDP	Oil			736	100.0000 WI	**14.6**	**194.2**	**177.4**	**91.9**	**239.5**	**93.0**	**37.5**		
SAM LEATHERS 2H							78.4311 NI	**1**	**225.9**	**152.5**	**119.6**	**6,337.6**	**440.2**	**2,881.6**	**4,819.8**	**2,830.5**
	22	PDP	Oil			86	100.0000 WI	**24.7**	**704.7**	**579.4**	**345.4**	**921.0**	**124.6**	**37.5**		
KMMK 1-H							69.5356 NI	**1**	**277.7**	**177.3**	**123.3**	**6,527.6**	**361.3**	**2,466.5**	**4,355.7**	**2,625.2**
	23	PDP	Oil			85	89.7938 WI	**23.0**	**309.3**	**266.0**	**140.6**	**374.6**	**109.9**	**33.7**		
CHAMPION RANCH C 1H							76.9487 NI	**1**	**255.9**	**138.9**	**106.9**	**5,641.2**	**322.7**	**1,938.9**	**4,074.6**	**2,440.4**
	24	PDP	Oil			48	99.9968 WI	**25.7**	**376.1**	**250.0**	**146.2**	**388.8**	**97.1**	**37.5**		
CARR-WARD 2H (PUD #13)							76.9301 NI	**1**	**163.8**	**122.6**	**94.3**	**4,849.5**	**294.2**	**2,438.2**	**2,929.9**	**2,281.1**
	25	PDP	Oil			174	99.7095 WI	**13.3**	**424.6**	**343.3**	**174.3**	**455.5**	**86.8**	**37.4**		
CHAMPION RANCH C 2H							76.9487 NI	**1**	**270.5**	**162.1**	**124.7**	**6,566.1**	**343.4**	**3,193.3**	**3,422.2**	**2,310.2**
	26	PDP	Oil			76	99.9968 WI	**16.4**	**225.0**	**162.1**	**94.8**	**251.7**	**106.5**	**37.5**		
KEELING 1H							55.8388 NI	**1**	**340.4**	**205.2**	**108.9**	**5,767.5**	**291.0**	**1,935.9**	**3,753.6**	**2,228.7**
	27	PDP	Oil			35	82.1391 WI	**23.6**	**194.5**	**143.6**	**57.9**	**154.4**	**91.5**	**25.2**		
CHAMPION RANCH A 1H							73.7648 NI	**1**	**279.7**	**158.4**	**116.9**	**6,163.3**	**316.6**	**2,828.8**	**3,310.5**	**2,186.6**
	28	PDP	Oil			53	97.2899 WI	**17.4**	**217.7**	**134.7**	**75.5**	**200.7**	**98.9**	**36.5**		
CHAMPION RANCH G 1H							65.7011 NI	**1**	**254.9**	**155.9**	**102.0**	**5,375.4**	**291.0**	**2,618.6**	**2,915.4**	**1,944.2**
	29	PDP	Oil			72	87.0991 WI	**17.1**	**292.6**	**202.7**	**100.8**	**267.8**	**89.2**	**32.3**		
KEELING 2H							81.1214 NI	**1**	**265.9**	**129.1**	**87.2**	**4,592.4**	**257.1**	**1,983.7**	**2,844.1**	**1,849.4**
	30	PDP	Oil			103	100.0000 WI	**19.5**	**317.4**	**206.6**	**106.0**	**281.6**	**77.9**	**30.2**		
CHAMPION RANCH I #1H (H_WB_1H							75.1344 NI	**1**	**152.2**	**95.7**	**71.9**	**3,690.7**	**197.2**	**1,699.0**	**2,053.0**	**1,628.2**
	31	PDP	Oil			165	99.9396 WI	**12.3**	**204.9**	**134.0**	**66.4**	**173.4**	**60.7**	**37.5**		
CHAMPION RANCH G 3H							65.7011 NI	**1**	**211.9**	**133.2**	**87.3**	**4,595.2**	**285.5**	**2,706.4**	**2,464.1**	**1,678.0**
	32	PDP	Oil			62	87.0991 WI	**15.8**	**455.4**	**346.2**	**172.5**	**458.0**	**83.6**	**32.3**		
CHAMPION RANCH B 1H							69.8452 NI	**1**	**200.6**	**105.4**	**73.6**	**3,882.9**	**207.8**	**1,819.9**	**2,137.7**	**1,404.6**
	33	PDP	Oil			115	91.3634 WI	**18.2**	**200.0**	**126.5**	**67.1**	**178.5**	**64.0**	**34.3**		
HOMER COLEMAN 1H							70.9020 NI	**1**	**200.3**	**97.1**	**68.8**	**3,653.9**	**198.8**	**1,509.1**	**2,253.7**	**1,355.0**
	34	PDP	Oil			21	87.0028 WI	**21.9**	**230.4**	**155.3**	**72.7**	**194.1**	**60.8**	**32.6**		
CARR-COLEMAN 2H							75.0000 NI	**1**	**172.3**	**92.7**	**69.5**	**3,661.4**	**254.1**	**2,636.3**	**1,793.9**	**1,247.8**
	35	PDP	Oil			37	100.0000 WI	**14.2**	**556.3**	**417.2**	**206.5**	**548.5**	**71.9**	**37.5**		

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HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
PATRICK 2H (H_WDBN_HZ_PUD #19	36	PDP	Oil	352			68.3518 NI 92.6186 WI	**1** **11.2**	**103.4** **331.7**	**67.1** **228.1**	**44.8** **100.6**	**2,287.2** **261.6**	**146.0** **42.4**	**1,235.4** **33.7**	**1,367.3**	**1,117.7**
MAMIE WAKEFIELD 1H	37	PDP	Oil	104			75.2305 NI 100.0000 WI	**1** **14.3**	**168.0** **125.9**	**89.6** **89.6**	**67.4** **51.2**	**3,541.8** **135.9**	**185.2** **57.5**	**1,949.7** **37.5**	**1,601.5**	**1,128.8**
CLAYTON 1H	38	PDP	Oil	23			79.8497 NI 100.0000 WI	**1** **14.0**	**222.3** **491.8**	**73.2** **219.5**	**58.4** **115.7**	**3,061.9** **306.3**	**188.8** **55.4**	**1,938.6** **37.5**	**1,473.4**	**1,061.0**
GRESHAM 2H	39	PDP	Oil	43			80.0000 NI 100.0000 WI	**1** **14.7**	**150.4** **137.5**	**76.7** **76.7**	**61.3** **46.6**	**3,226.1** **123.7**	**168.7** **52.3**	**1,725.9** **37.5**	**1,505.4**	**1,053.5**
GRESHAM A 1H	40	PDP	Oil	25			77.4386 NI 99.8431 WI	**1** **11.5**	**331.9** **268.6**	**78.7** **126.0**	**61.0** **64.4**	**3,185.4** **170.2**	**173.4** **53.0**	**1,966.4** **37.4**	**1,305.9**	**986.8**
NASH BROS 2H	41	PDP	Oil	73			78.5491 NI 100.0000 WI	**1** **15.1**	**79.1** **109.2**	**48.6** **77.8**	**38.2** **46.5**	**2,012.0** **123.4**	**112.6** **34.1**	**1,163.9** **37.5**	**927.0**	**649.0**
MAMIE WAKEFIELD 1 2H	42	PDP	Oil	105			75.2305 NI 100.0000 WI	**1** **10.1**	**119.3** **88.0**	**50.2** **55.2**	**37.8** **31.6**	**1,957.2** **83.0**	**103.6** **32.0**	**1,180.4** **92.1**	**725.6**	**570.7**
GRESHAM 1H	43	PDP	Oil	22			80.0000 NI 100.0000 WI	**1** **12.4**	**145.7** **179.1**	**38.9** **101.2**	**31.1** **53.4**	**1,635.4** **141.7**	**97.4** **28.9**	**1,096.9** **37.5**	**667.0**	**494.5**
HALLIDAY (WOODBINE) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
SAMANTHA RIZZO OIL & GAS LTD	44	PDP	Oil	71			61.9384 NI 80.0000 WI	**1** **13.1**	**92.0** **65.8**	**49.9** **49.9**	**30.9** **23.5**	**1,621.6** **62.2**	**84.8** **26.3**	**978.4** **30.0**	**634.7**	**464.1**
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
COLEMAN CLAYTON 1H	45	PDP	Oil	49			76.6094 NI 100.0000 WI	**1** **4.6**	**74.2** **172.3**	**29.1** **84.4**	**22.3** **49.1**	**1,105.3** **125.5**	**70.9** **20.6**	**816.7** **37.5**	**424.6**	**395.7**
CARR-WARD 1H	46	PDP	Oil	20			65.1221 NI 83.1339 WI	**1** **7.1**	**293.6** **267.9**	**45.7** **36.6**	**29.8** **15.7**	**1,530.5** **41.1**	**77.0** **24.2**	**1,053.1** **31.2**	**429.6**	**367.8**
GRESHAM 3H	47	PDP	Oil	122			80.0000 NI 100.0000 WI	**1** **6.2**	**82.6** **92.9**	**27.7** **30.5**	**22.2** **18.5**	**1,126.9** **48.1**	**59.7** **18.4**	**761.4** **37.5**	**351.9**	**316.0**
KEELING GRESHAM 1H	48	PDP	Oil	34			67.8765 NI 89.7405 WI	**1** **4.7**	**134.9** **48.6**	**35.8** **6.1**	**24.3** **3.1**	**1,217.2** **8.1**	**57.5** **18.5**	**807.4** **33.7**	**317.3**	**295.1**
MANNING 1H	49	PDP	Oil	18			68.8000 NI 84.0000 WI	**1** **6.2**	**112.7** **96.5**	**17.3** **48.4**	**11.9** **22.0**	**596.3** **56.5**	**36.2** **10.7**	**360.4** **31.5**	**273.2**	**253.0**
MAMIE WAKEFIELD 3A2 4H	50	PDP	Oil	101			75.3294 NI 100.0000 WI	**1** **9.7**	**62.2** **69.2**	**31.0** **37.2**	**23.3** **21.3**	**1,217.9** **56.2**	**65.2** **20.1**	**895.2** **37.5**	**319.6**	**260.2**
HALLIDAY (WOODBINE) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
SAMANTHA RIZZO OIL & GAS LTD	51	PDP	Oil	69			61.9384 NI 80.0000 WI	**1** **7.7**	**73.5** **58.4**	**28.5** **37.1**	**17.7** **17.4**	**912.2** **45.8**	**49.4** **15.1**	**700.6** **30.0**	**214.3**	**187.0**
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
CARR-COLEMAN 1H	52	PDP	Oil	19			65.9000 NI 87.0000 WI	**1** **9.9**	**49.9** **124.8**	**22.5** **83.4**	**14.9** **36.3**	**777.3** **96.0**	**50.7** **14.6**	**641.5** **32.6**	**235.8**	**191.3**
CHAMPION RANCH G 2H	53	PDP	Oil	60			65.7011 NI 87.0991 WI	**1** **6.4**	**99.6** **106.1**	**33.4** **50.1**	**22.0** **25.0**	**1,123.4** **65.3**	**62.3** **18.9**	**878.9** **115.3**	**186.4**	**158.5**
MAMIE WAKEFIELD 3A 3H	54	PDP	Oil	102			75.3294 NI 100.0000 WI	**1** **5.6**	**52.7** **72.4**	**21.3** **49.0**	**16.1** **28.1**	**818.5** **73.1**	**49.4** **14.6**	**747.6** **37.5**	**124.3**	**123.1**
GILBERT GRESHAM 1H	55	PDP	Oil	30			71.3033 NI 92.2145 WI	**1** **2.9**	**85.8** **113.4**	**9.7** **33.9**	**6.9** **16.0**	**334.7** **40.2**	**21.6** **6.2**	**304.2** **34.6**	**50.0**	**61.8**
GRESHAM B 1H	56	PDP	Oil	74			80.0000 NI 100.0000 WI	**1** **1.7**	**79.8** **86.1**	**8.7** **24.5**	**7.0** **14.9**	**327.8** **36.6**	**20.9** **6.1**	**321.6** **37.5**	**18.3**	**33.7**

Table II-PDP (cont.)
Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Producing Reserves
As of October 1, 2015

OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
NASH BROS 1H	57	PDP	Oil			88	77.4037 NI 100.0000 WI	**1** **3.1**	**19.1** **30.9**	**6.4** **14.7**	**5.0** **8.7**	**242.1** **21.9**	**14.6** **4.3**	**241.4** **37.5**	**-9.6**	**8.6**
ALLIED OPERATING TEXAS LL																
CHAMPION RANCH 1H	58	PDP	Oil	1H		98	14.0625 NI 18.7500 WI	**1** **7.2**	**77.9** **43.0**	**16.6** **31.6**	**2.3** **2.9**	**120.4** **7.7**	**6.7** **2.0**	**94.1** **7.0**	**26.3**	**25.0**
HALLIDAY (WOODBINE) -- MADISON COUNTY, TEXAS																
DECKER OPERATING																
SHELDON 1H	59	PDP	Oil	1H		145	0.6864 NI 0.8800 WI	**1** **17.3**	**230.6** **334.7**	**143.5** **229.7**	**1.0** **1.0**	**52.0** **2.8**	**2.8** **0.9**	**26.9** **0.3**	**26.9**	**17.6**
NEW GULF RESOURCES																
SAMANTHA RIZZO OIL & GAS LTD	60	PDP	Oil			52	61.9384 NI 80.0000 WI	**0** **0.0**	**0.3** **0.2**		**Non-Commercial**					
ALABAMA FERRY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
POLLY 1	61	PDP	Oil			118	19.1800 NI 27.4000 WI	**1** **0.3**	**60.8** **406.1**	**0.1** **2.9**	**0.0** **0.4**	**1.1** **0.8**	**0.2** **0.0**	**2.9** **10.3**	**-10.6**	**-6.5**
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
BUNYARD 1H	62	PDP	Oil			24	75.1104 NI 100.0000 WI	**1** **0.3**	**32.4** **7.2**	**0.5** **0.2**	**0.3** **0.1**	**15.0** **0.2**	**0.7** **0.2**	**16.8** **37.5**	**-39.7**	**-24.5**
ANDREWS E B	63	PDP	Oil			127	75.0000 NI 100.0000 WI	**1** **0.3**	**50.1** **2.5**	**0.3** **0.0**	**0.2** **0.0**	**8.6** **0.0**	**0.4** **0.1**	**14.4** **37.5**	**-43.8**	**-28.5**
PLEASANT RIDGE (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
SAM KNIGHT 7	64	PDP	Oil			119	76.5283 NI 100.0000 WI	**1** **0.3**	**64.5** **0.4**	**0.4** **0.0**	**0.3** **0.0**	**12.0** **0.0**	**0.6** **0.2**	**18.9** **37.5**	**-45.2**	**-29.9**
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
SHERMAN 1H	65	PDP	Oil			17	65.8344 NI 86.9062 WI	**1** **0.3**	**15.9** **10.6**	**0.2** **0.3**	**0.2** **0.1**	**7.0** **0.3**	**0.4** **0.1**	**18.5** **32.6**	**-43.9**	**-30.5**
PLEASANT RIDGE (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
SAM KNIGHT C5 RE	66	PDP	Oil			132	75.7404 NI 100.0000 WI	**1** **0.3**	**1.3** **0.0**	**0.1** **0.0**	**0.1** **0.0**	**2.5** **0.0**	**0.1** **0.0**	**10.9** **37.5**	**-46.1**	**-30.8**
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
NEW GULF RESOURCES																
SAM LEATHERS 1H	67	PDP	Oil			29	79.9545 NI 100.0000 WI	**1** **0.3**	**27.3** **33.9**	**0.8** **0.8**	**0.7** **0.5**	**28.8** **1.1**	**1.5** **0.5**	**46.2** **37.5**	**-54.5**	**-39.0**
ATMOS TRANS COSTS	68	PDP	Oil			1089	100.0000 NI 100.0000 WI	**0** **3.1**	**0.0** **0.0**	**0.0** **0.0**	**0.0** **0.0**	**0.0** **0.0**	**0.0** **0.0**	**1,843.2** **0.0**	**-1,843.2**	**-1,612.1**
AGUILA VADO (EAGLE FORD) -- GRIMES COUNTY, TEXAS																
NEW GULF RESOURCES																
FIVELAND 1H (JOHNSON RANCH EF	69	PDP	Oil			398	75.0000 NI 100.0000 WI	**1** **4.1**	**40.5** **3.0**	**38.3** **0.0**	**28.7** **0.0**	**1,377.8** **0.0**	**63.6** **34.4**	**524.0** **37.5**	**718.2**	**684.2**

Table II-PDP (cont.)
Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Producing Reserves
As of October 1, 2015

OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
AGUILA VADO (EAGLE FORD) -- GRIMES COUNTY, TEXAS																
NEW GULF RESOURCES																
JOHNSON TRUSTS A 1H							75.0000 NI	**1**	**9.4**	**0.4**	**0.3**	**14.2**	**0.7**	**37.4**	**-61.6**	**-46.0**
	70	PDP	Oil			123	100.0000 WI	**0.3**	**95.2**	**0.0**	**0.0**	**0.0**	**0.2**	**37.5**		
KURTEN (BUDA) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
LENZ WB 1H							43.4355 NI	**1**	**99.0**	**48.5**	**21.1**	**1,112.4**	**52.6**	**368.5**	**668.8**	**438.4**
	71	PDP	Oil			1	59.5500 WI	**18.2**	**48.0**	**10.7**	**3.1**	**8.1**	**16.9**	**22.3**		
MADISONVILLE, MADISON (SUB-CLARKSVILLE) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
JAMES LANG UNIT SC 1H							50.0524 NI	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5.4**	**-30.5**	**-20.2**
	72	PDP	Gas			12	67.1294 WI	**0.3**	**105.0**	**0.0**	**0.0**	**0.0**	**0.0**	**25.2**		
MADISONVILLE, MADISON (WOODBINE) -- MADISON COUNTY, TEXAS																
MD AMERICA																
WILSON ODOM #1H (K_WB_24H)							23.9763 NI	**1**	**671.7**	**500.8**	**120.1**	**6,319.3**	**396.1**	**1,719.1**	**5,466.0**	**3,153.1**
	73	PDP	Oil			287	31.9752 WI	**31.8**	**1,910.8**	**1,602.6**	**253.6**	**673.0**	**115.6**	**12.0**		
WILSON ODOM #4H (PUD # 25)							26.0242 NI	**1**	**227.9**	**176.2**	**45.9**	**2,403.9**	**128.3**	**1,006.8**	**1,447.2**	**964.4**
	74	PDP	Oil			290	36.0978 WI	**19.4**	**300.8**	**246.7**	**42.4**	**112.2**	**39.5**	**13.5**		
NEW GULF RESOURCES																
SHEPHERD CREEK WB 1H							51.8332 NI	**1**	**208.0**	**54.9**	**28.4**	**1,496.4**	**86.1**	**1,002.4**	**584.1**	**424.3**
	75	PDP	Oil			7	65.0250 WI	**11.9**	**150.1**	**120.7**	**41.3**	**109.6**	**25.8**	**24.4**		
STROWMAN 'WB' 1H							67.0277 NI	**1**	**178.9**	**32.3**	**21.6**	**1,141.3**	**62.1**	**715.3**	**439.4**	**320.7**
	76	PDP	Oil			6	82.5000 WI	**12.5**	**125.5**	**51.7**	**22.9**	**60.8**	**19.0**	**30.9**		
KURTEN (WOODBINE) -- MADISON COUNTY, TEXAS																
MD AMERICA																
ROCKY #1H							25.7910 NI	**1**	**85.0**	**30.7**	**7.9**	**378.4**	**20.6**	**168.5**	**218.8**	**209.6**
	77	PDP	Oil			419	34.0880 WI	**3.6**	**124.4**	**49.2**	**8.4**	**20.8**	**0.0**	**12.8**		
MADISONVILLE, MADISON (WOODBINE) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
HALL WB 1H							32.8113 NI	**1**	**134.6**	**31.2**	**10.2**	**539.2**	**29.6**	**333.1**	**215.4**	**155.9**
	78	PDP	Oil			5	40.0000 WI	**13.0**	**133.5**	**53.0**	**11.5**	**30.5**	**9.0**	**15.0**		
KURTEN (WOODBINE) -- MADISON COUNTY, TEXAS																
MD AMERICA																
RAMBO #1H (HZ _WB_PUD #21)							7.2228 NI	**1**	**79.8**	**38.3**	**2.8**	**135.4**	**7.8**	**69.3**	**75.5**	**69.7**
	79	PDP	Oil			418	9.4877 WI	**5.1**	**155.4**	**84.2**	**4.0**	**10.2**	**0.0**	**3.6**		
MADISONVILLE, BRAZOS (WOODBINE) -- BRAZOS COUNTY, TEXAS																
MD AMERICA																
COUNTY LINE 1H							21.2731 NI	**1**	**105.2**	**16.4**	**3.5**	**165.7**	**7.8**	**124.7**	**22.4**	**25.7**
	80	PDP	Oil	MULTI		158	28.1729 WI	**2.2**	**122.8**	**3.3**	**0.5**	**1.1**	**2.5**	**10.6**		
KURTEN (WOODBINE) -- MADISON COUNTY, TEXAS																
MD AMERICA																
WALKER 1H (WDBN_HZ_PUD #15)							0.0423 NI	**1**	**153.1**	**107.4**	**0.0**	**2.4**	**0.1**	**1.2**	**1.4**	**1.0**
	81	PDP	Oil			252	0.0520 WI	**15.8**	**348.1**	**268.4**	**0.1**	**0.2**	**0.0**	**0.0**		
MADISONVILLE, MADISON (WOODBINE) -- MADISON COUNTY, TEXAS																
BARNES OIL & GAS																
THEISS WB 2H							3.1564 NI	**0**	**178.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-1.6**	**-1.0**
	82	PDP	Oil	2H		9	4.3338 WI	**0.0**	**102.6**	**0.0**	**0.0**	**0.0**	**0.0**	**1.6**		

Table II-PDP (cont.)

Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Producing Reserves
As of October 1, 2015

OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves	Net Reserves	Oil Revenue Gas Revenue	Prod Tax Adv. Tax	Expenses Investments	Future Net Cash Flow	Cash Flow Disc.@ 10.0
										MBBL / MMCF		M$ / M$	M$ / M$	M$ / M$	M$	M$
KURTEN (WOODBINE) -- BRAZOS COUNTY, TEXAS																
NEW GULF RESOURCES																
ODOM, HENRY K. 2							70.0000 NI	**1**	**15.0**	**0.4**	**0.3**	**11.4**	**0.5**	**14.3**	**-41.1**	**-25.8**
	83	PDP	Oil			14	100.0000 WI	**0.3**	**1.1**	**0.0**	**0.0**	**0.0**	**0.2**	**37.5**		
MADISONVILLE, BRAZOS (WOODBINE) -- BRAZOS COUNTY, TEXAS																
NEW GULF RESOURCES																
ODOM, HENRY K. 4							70.0000 NI	**1**	**13.6**	**0.2**	**0.2**	**7.0**	**0.4**	**14.9**	**-45.5**	**-30.2**
	84	PDP	Oil			13	100.0000 WI	**0.3**	**2.6**	**0.2**	**0.1**	**0.2**	**0.1**	**37.5**		
KURTEN (WOODBINE) -- BRAZOS COUNTY, TEXAS																
NEW GULF RESOURCES																
ODOM, HENRY K. 1							70.0000 NI	**1**	**333.0**	**0.5**	**0.3**	**15.0**	**0.7**	**29.3**	**-52.3**	**-36.8**
	85	PDP	Oil			10	100.0000 WI	**0.3**	**323.0**	**0.2**	**0.1**	**0.2**	**0.2**	**37.5**		
MADISONVILLE, BRAZOS (WOODBINE -A-) -- BRAZOS COUNTY, TEXAS																
NEW GULF RESOURCES																
ODOM, HENRY K. 8H							63.6640 NI	**1**	**221.9**	**58.9**	**37.5**	**1,952.7**	**109.3**	**1,171.4**	**862.6**	**665.2**
	86	PDP	Oil			2	84.8000 WI	**10.5**	**179.0**	**112.0**	**47.1**	**124.0**	**33.1**	**31.8**		
ODOM, HENRY K. UNIT WB 7H							73.8667 NI	**1**	**185.2**	**40.8**	**30.1**	**1,593.2**	**80.1**	**864.2**	**674.5**	**469.4**
	87	PDP	Oil			8	97.8250 WI	**14.4**	**83.4**	**32.6**	**15.9**	**42.4**	**25.2**	**36.7**		
ODOM, HENRY K. WB 6H							61.4590 NI	**1**	**164.3**	**52.8**	**32.5**	**1,709.6**	**88.6**	**1,065.0**	**626.5**	**453.7**
	88	PDP	Oil			4	83.0000 WI	**12.2**	**109.8**	**58.1**	**23.6**	**62.6**	**27.6**	**31.1**		
GRAND TOTAL								**83**	**13,604.6**	**6,718.0**	**4,225.6**	**220,932.7**	**12,725.5**	**101,801.1**	**133,385.4**	**88,027.4**
									24,028.0	**14,079.9**	**6,113.3**	**16,106.5**	**3,824.7**	**2,848.6**		

Table of Data

Composite Reserve Estimates and Economic Forecasts
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Behind Pipe Reserves
As of October 1, 2015

(1) End Mo-Year	(2) Gross Oil Production MBBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLS	(5) Net Oil Production MBBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLS	(8) Avg Oil Price $/BBL	(9) Avg Gas Price $/MCF	(10) Avg NGL Price $/BBL
12-2015	.0	.0	.0	.000	.000	.000	.000	.000	.000
12-2016	17.2	.0	.0	6.965	.000	.000	-2.090 46.730	.000	.000
12-2017	9.5	.0	.0	3.853	.000	.000	-2.090 50.340	.000	.000
12-2018	6.9	.0	.0	2.772	.000	.000	-2.090 52.860	.000	.000
12-2019	5.5	.0	.0	2.229	.000	.000	-2.090 54.720	.000	.000
12-2020	4.7	.0	.0	1.898	.000	.000	-2.090 54.720	.000	.000
12-2021	4.1	.0	.0	1.660	.000	.000	-2.090 54.720	.000	.000
12-2022	3.7	.0	.0	1.487	.000	.000	-2.090 54.720	.000	.000
12-2023	3.3	.0	.0	1.338	.000	.000	-2.090 54.720	.000	.000
12-2024	3.0	.0	.0	1.207	.000	.000	-2.090 54.720	.000	.000
12-2025	2.7	.0	.0	1.084	.000	.000	-2.090 54.720	.000	.000
12-2026	2.4	.0	.0	.975	.000	.000	-2.090 54.720	.000	.000
12-2027	2.2	.0	.0	.878	.000	.000	-2.090 54.720	.000	.000
12-2028	2.0	.0	.0	.792	.000	.000	-2.090 54.720	.000	.000
12-2029	.3	.0	.0	.115	.000	.000	-2.090 54.720	.000	.000
12-2030	.0	.0	.0	.000	.000	.000	.000	.000	.000
12-2031	.0	.0	.0	.000	.000	.000	.000	.000	.000
12-2032	.0	.0	.0	.000	.000	.000	.000	.000	.000
12-2033	.0	.0	.0	.000	.000	.000	.000	.000	.000
S Tot	67.4	.0	.0	27.254	.000	.000	51.870	.000	.000
After	.0	.0	.0	.0	.000	.000	.000	.000	.000
Total	67.4	.0	.0	27.254	.000	.000	51.870	.000	.000
Cum Ult	.0 67.4	.0 .0	.0 .0						

(11) End Mo-Year	(12) Oil Revenue M$	(13) Gas Revenue M$	(14) NGL Revenue M$	(15) Hedge Revenue M$	(16) Other Revenue M$	(17) Total Revenue M$	(18) Production Taxes M$	(19) Ad Valorem Taxes M$	(20) $/BOE6
12-2015	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
12-2016	325.466	.000	.000	0.000	0.000	325.466	15.028	4.882	.479
12-2017	193.963	.000	.000	0.000	0.000	193.963	8.954	2.909	.944
12-2018	146.513	.000	.000	0.000	0.000	146.513	6.762	2.198	1.313
12-2019	121.995	.000	.000	0.000	0.000	121.995	5.630	1.830	1.632
12-2020	103.870	.000	.000	0.000	0.000	103.870	4.793	1.558	1.917
12-2021	90.860	.000	.000	0.000	0.000	90.860	4.193	1.363	2.191
12-2022	81.348	.000	.000	0.000	0.000	81.348	3.754	1.220	2.447
12-2023	73.217	.000	.000	0.000	0.000	73.217	3.379	1.098	2.719
12-2024	66.071	.000	.000	0.000	0.000	66.071	3.049	.991	3.013
12-2025	59.297	.000	.000	0.000	0.000	59.297	2.736	.889	3.357
12-2026	53.371	.000	.000	0.000	0.000	53.371	2.463	.801	3.730
12-2027	48.037	.000	.000	0.000	0.000	48.037	2.217	.721	4.144
12-2028	43.349	.000	.000	0.000	0.000	43.349	2.000	.650	4.592
12-2029	6.286	.000	.000	0.000	0.000	6.286	.290	.094	4.807
12-2030	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
12-2031	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
12-2032	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
12-2033	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
S Tot	1,413.643	.000	.000	0.000	0.000	1,413.643	65.249	21.205	1.744
After	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
Total	1,413.643	.000	.000	0.000	0.000	1,413.643	65.249	21.205	1.744

(21) End Mo-Year	(22) Operating Expense M$	(23) Wells Gross Count	(24) Wells Net	(25) Workover Expense M$	(26) 3rd Party COPAS M$	(27) Other Deductions M$	(28) Investment M$	(29) Future Net Cash Flow M$	(30) Cumulative Cash Flow M$	(31) Cum.Cash Flow Disc.@ 10.0% M$
12-2015	.000	0	0.0	0.000	0.000	0.000	.000	.000	.000	.000
12-2016	3.335	1	0.5	0.000	0.000	0.000	151.581	150.640	150.640	133.735
12-2017	3.638	1	0.5	0.000	0.000	0.000	.000	178.462	329.103	284.177
12-2018	3.638	1	0.5	0.000	0.000	0.000	.000	133.916	463.018	386.235
12-2019	3.638	1	0.5	0.000	0.000	0.000	.000	110.897	573.915	462.700
12-2020	3.638	1	0.5	0.000	0.000	0.000	.000	93.881	667.796	521.272
12-2021	3.638	1	0.5	0.000	0.000	0.000	.000	81.666	749.463	567.381
12-2022	3.638	1	0.5	0.000	0.000	0.000	.000	72.735	822.198	604.553
12-2023	3.638	1	0.5	0.000	0.000	0.000	.000	65.102	887.300	634.672
12-2024	3.638	1	0.5	0.000	0.000	0.000	.000	58.393	945.692	659.126
12-2025	3.638	1	0.5	0.000	0.000	0.000	.000	52.033	997.725	678.849
12-2026	3.638	1	0.5	0.000	0.000	0.000	.000	46.470	1,044.195	694.795
12-2027	3.638	1	0.5	0.000	0.000	0.000	.000	41.462	1,085.657	707.675
12-2028	3.638	1	0.5	0.000	0.000	0.000	.000	37.060	1,122.717	718.096
12-2029	.552	1	0.5	0.000	0.000	0.000	.000	5.349	1,128.067	719.514
12-2030	.000	0	0.0	0.000	0.000	0.000	.000	.000	1,128.067	719.514
12-2031	.000	0	0.0	0.000	0.000	0.000	.000	.000	1,128.067	719.514
12-2032	.000	0	0.0	0.000	0.000	0.000	.000	.000	1,128.067	719.514
12-2033	.000	0	0.0	0.000	0.000	0.000	.000	.000	1,128.067	719.514
S Tot	47.542			0.000	0.000	0.000	151.581	1,128.067	1,128.067	719.514
After	.000			0.000	0.000	0.000	18.948	-18.948	1,109.119	716.482
Total	47.542			0.000	0.000	0.000	170.528	1,109.119	1,109.119	716.482

NYMEX 09-30-2015 Pricing

Year	WTI Cushing Oil $/STB	Henry Hub Gas $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Percent	Cum. Disc.
8.00	776.224
10.00	716.482
15.00	594.871
20.00	502.825
30.00	374.761
40.00	290.889
45.00	259.048
50.00	231.946
55.00	208.596

3 Months in first year **Year Life (10/2015)**

Table II-1 DBP

Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Behind Pipe Reserves
As of October 1, 2015

OPERATOR / LEASE NAME / Table Class Major Well No. Start Date ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
FORT TRINIDAD E HOUSTON (BUDA) -- HOUSTON COUNTY, TEXAS										
NEW GULF RESOURCES										
LUNDY BUDA RECOMPLETE	40.4095 NI	**1**	**67.4**	**67.4**	**27.3**	**1,413.6**	**65.2**	**47.5**	**1,109.1**	**716.5**
1 PDBP Oil 02/16 376	50.5269 WI	**13.1**	**0.0**	**0.0**	**0.0**	**0.0**	**21.2**	**170.5**		
GRAND TOTAL		**1**	**67.4**	**67.4**	**27.3**	**1,413.6**	**65.2**	**47.5**	**1,109.1**	**716.5**
			0.0	**0.0**	**0.0**	**0.0**	**21.2**	**170.5**		

Table of Cash Flow

Composite Reserve Estimates and Economic Forecasts
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Non-Producing Reserves
As of October 1, 2015

(1) End Mo-Year	(2) Gross Oil Production MBBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLS	(5) Net Oil Production MBBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLS	(8) Avg Oil Price $/BBL	(9) Avg Gas Price $/MCF	(10) Avg NGL Price $/BBL
12-2015	1.4	1.5	.2	.137	.092	.017	-2.090 43.410	0.876 2.277	0.284 12.922
12-2016	14.7	16.3	2.0	1.475	1.007	.183	-2.090 46.730	0.876 2.456	0.284 13.865
12-2017	11.7	14.4	1.7	1.130	.892	.162	-2.090 50.340	0.876 2.617	0.284 14.890
12-2018	10.0	13.0	1.6	.940	.807	.147	-2.090 52.860	0.876 2.670	0.284 15.606
12-2019	9.2	11.9	1.4	.862	.739	.134	-2.090 54.720	0.876 2.722	0.284 16.134
12-2020	8.5	11.0	1.3	.795	.682	.124	-2.090 54.720	0.876 2.722	0.284 16.134
12-2021	7.8	10.1	1.2	.729	.626	.114	-2.090 54.720	0.876 2.722	0.284 16.134
12-2022	7.2	9.3	1.1	.671	.576	.105	-2.090 54.720	0.876 2.722	0.284 16.134
12-2023	6.6	8.6	1.0	.617	.530	.096	-2.090 54.720	0.876 2.722	0.284 16.134
12-2024	6.1	7.9	.9	.569	.489	.089	-2.090 54.720	0.876 2.722	0.284 16.134
12-2025	5.6	7.2	.9	.522	.448	.081	-2.090 54.720	0.876 2.722	0.284 16.134
12-2026	5.1	6.7	.8	.481	.412	.075	-2.090 54.720	0.876 2.722	0.284 16.134
12-2027	4.7	6.1	.7	.442	.379	.069	-2.090 54.720	0.876 2.722	0.284 16.134
12-2028	4.4	5.7	.7	.408	.350	.064	-2.090 54.720	0.876 2.722	0.284 16.134
12-2029	4.0	5.2	.6	.374	.321	.058	-2.090 54.720	0.876 2.722	0.284 16.134
12-2030	3.7	4.8	.6	.344	.295	.054	-2.090 54.720	0.876 2.722	0.284 16.134
12-2031	3.4	4.4	.5	.317	.272	.049	-2.090 54.720	0.876 2.722	0.284 16.134
12-2032	2.8	3.7	.4	.264	.226	.041	-2.090 54.720	0.876 2.722	0.284 16.134
12-2033	.0	.0	.0	.000	.000	.000	.000	.000	.000
S Tot	116.7	147.7	17.7	11.077	9.142	1.662	52.912	2.673	15.684
After	.0	.0	.0	.0	.000	.000	.000	.000	.000
Total	116.7	147.7	17.7	11.077	9.142	1.662	52.912	2.673	15.684
Cum	139.7	20.6	.0						
Ult	256.3	168.4	17.7						

(11) End Mo-Year	(12) Oil Revenue M$	(13) Gas Revenue M$	(14) NGL Revenue M$	(15) Hedge Revenue M$	(16) Other Revenue M$	(17) Total Revenue M$	(18) Production Taxes M$	(19) Ad Valorem Taxes M$	(20) $/BOE6
12-2015	5.940	.209	.215	0.000	0.000	6.364	.306	.095	15.372
12-2016	68.930	2.473	2.538	0.000	0.000	73.940	3.559	1.109	16.858
12-2017	56.876	2.335	2.415	0.000	0.000	61.625	2.982	.924	15.755
12-2018	49.713	2.154	2.290	0.000	0.000	54.157	2.628	.812	14.927
12-2019	47.147	2.012	2.169	0.000	0.000	51.327	2.490	.770	16.100
12-2020	43.489	1.856	2.000	0.000	0.000	47.345	2.297	.710	17.277
12-2021	39.898	1.703	1.835	0.000	0.000	43.436	2.107	.652	18.642
12-2022	36.709	1.567	1.688	0.000	0.000	39.964	1.939	.599	20.078
12-2023	33.774	1.441	1.553	0.000	0.000	36.769	1.784	.552	21.639
12-2024	31.155	1.330	1.433	0.000	0.000	33.918	1.645	.509	23.281
12-2025	28.583	1.220	1.315	0.000	0.000	31.117	1.509	.467	25.186
12-2026	26.298	1.122	1.210	0.000	0.000	28.630	1.389	.429	27.191
12-2027	24.195	1.033	1.113	0.000	0.000	26.341	1.278	.395	29.371
12-2028	22.319	.952	1.027	0.000	0.000	24.299	1.179	.364	31.662
12-2029	20.477	.874	.942	0.000	0.000	22.292	1.081	.334	34.322
12-2030	18.840	.804	.867	0.000	0.000	20.510	.995	.308	37.121
12-2031	17.333	.740	.797	0.000	0.000	18.870	.915	.283	40.163
12-2032	14.433	.616	.664	0.000	0.000	15.713	.762	.236	43.196
12-2033	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
S Tot	586.108	24.439	26.070	0.000	0.000	636.616	30.845	9.549	21.882
After	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
Total	586.108	24.439	26.070	0.000	0.000	636.616	30.845	9.549	21.882

(21) End Mo-Year	(22) Operating Expense M$	(23) Wells Gross Count	(24) Wells Net Count	(25) Workover Expense M$	(26) 3rd Party COPAS M$	(27) Other Deductions M$	(28) Investment M$	(29) Future Net Cash Flow M$	(30) Cumulative Cash Flow M$	(31) Cum.Cash Flow Disc.@ 10.0% M$
12-2015	2.188	2	0.3	0.000	0.000	0.317	6.250	-2.792	-2.792	-2.786
12-2016	26.250	2	0.3	0.000	0.000	3.450	.000	39.571	36.779	34.015
12-2017	18.964	2	0.3	0.000	0.000	2.840	.000	35.915	72.694	64.227
12-2018	15.000	1	0.1	0.000	0.000	2.469	.000	33.247	105.941	89.535
12-2019	15.000	1	0.1	0.000	0.000	2.262	.000	30.806	136.747	110.763
12-2020	15.000	1	0.1	0.000	0.000	2.086	.000	27.252	163.999	127.761
12-2021	15.000	1	0.1	0.000	0.000	1.914	.000	23.763	187.762	141.178
12-2022	15.000	1	0.1	0.000	0.000	1.761	7.031	13.633	201.395	148.097
12-2023	15.000	1	0.1	0.000	0.000	1.620	.000	17.813	219.209	156.340
12-2024	15.000	1	0.1	0.000	0.000	1.495	.000	15.269	234.478	162.736
12-2025	15.000	1	0.1	0.000	0.000	1.371	.000	12.770	247.247	167.578
12-2026	15.000	1	0.1	0.000	0.000	1.262	.000	10.550	257.797	171.200
12-2027	15.000	1	0.1	0.000	0.000	1.161	.000	8.507	266.304	173.844
12-2028	15.000	1	0.1	0.000	0.000	1.071	.000	6.685	272.989	175.726
12-2029	15.000	1	0.1	0.000	0.000	0.982	.000	4.894	277.883	176.973
12-2030	15.000	1	0.1	0.000	0.000	0.904	.000	3.304	281.187	177.736
12-2031	15.000	1	0.1	0.000	0.000	0.832	.000	1.840	283.027	178.121
12-2032	13.486	1	0.1	0.000	0.000	0.692	.000	.537	283.564	178.224
12-2033	.000	0	0.0	0.000	0.000	0.000	.000	.000	283.564	178.224
S Tot	270.887			0.000	0.000	28.489	13.281	283.564	283.564	178.224
After	.000			0.000	0.000	0.000	4.688	-4.688	278.876	177.707
Total	270.887			0.000	0.000	28.489	17.969	278.876	278.876	177.707

NYMEX 09-30-2015 Pricing

Year	WTI Cushing Oil $/STB	Henry Hub Gas $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Percent	Cum. Disc.
8.00	192.890
10.00	177.707
15.00	147.133
20.00	124.338
30.00	93.245
40.00	73.401
45.00	66.012
50.00	59.799
55.00	54.511

3 Months in first year **Year Life (10/2015)**

Table II-1 DNP

Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Non-Producing Reserves
As of October 1, 2015

OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves	Net Reserves	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
										MBBL / MMCF						
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS																
ALLIED OPERATING TEXAS LL																
WALLRATH 1H							9.3750 NI	**1**	**245.6**	**113.7**	**10.7**	**566.2**	**29.9**	**282.7**	**287.6**	**183.1**
	1	PDNP	Oil	1H	12/15	96	12.5000 WI	**17.0**	**167.0**	**147.7**	**9.1**	**24.4**	**9.2**	**7.2**		
HALLIDAY (WOODBINE) -- MADISON COUNTY, TEXAS																
CH4																
CARGILE #1							14.0625 NI	**1**	**10.7**	**3.0**	**0.4**	**20.0**	**0.9**	**16.7**	**-8.7**	**-5.4**
	2	PDNP	Oil	MULTI	12/15	378	18.7500 WI	**1.4**	**1.4**	**0.0**	**0.0**	**0.0**	**0.3**	**10.8**		
GRAND TOTAL								**2**	**256.3**	**116.7**	**11.1**	**586.1**	**30.8**	**299.4**	**278.9**	**177.7**
									168.4	**147.7**	**9.1**	**24.4**	**9.5**	**18.0**		

Composite Reserve Estimates and Economic Forecasts
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Shut-In Reserves
As of October 1, 2015

(1) End Mo-Year	(2) Gross Oil Production MBBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLS	(5) Net Oil Production MBBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLS	(8) Avg Oil Price $/BBL	(9) Avg Gas Price $/MCF	(10) Avg NGL Price $/BBL
12-2015	10.0	264.6	31.8	7.047	126.682	23.033	-2.090 43.410	0.876 2.277	0.284 12.922
12-2016	43.6	963.1	115.6	28.921	475.212	86.402	-2.090 46.730	0.876 2.456	0.284 13.865
12-2017	25.0	454.1	54.5	15.568	222.653	40.482	-2.090 50.340	0.876 2.617	0.284 14.890
12-2018	18.7	307.6	36.9	11.337	150.453	27.355	-2.090 52.860	0.876 2.670	0.284 15.606
12-2019	15.3	235.2	28.2	9.098	114.800	20.873	-2.090 54.720	0.876 2.722	0.284 16.134
12-2020	12.4	191.0	22.9	7.231	93.186	16.943	-2.090 54.720	0.876 2.722	0.284 16.134
12-2021	10.8	161.1	19.3	6.246	78.512	14.275	-2.090 54.720	0.876 2.722	0.284 16.134
12-2022	9.5	139.8	16.8	5.501	68.120	12.386	-2.090 54.720	0.876 2.722	0.284 16.134
12-2023	8.5	123.7	14.8	4.901	60.244	10.953	-2.090 54.720	0.876 2.722	0.284 16.134
12-2024	7.7	111.2	13.3	4.412	54.149	9.845	-2.090 54.720	0.876 2.722	0.284 16.134
12-2025	6.9	99.8	12.0	3.960	48.596	8.836	-2.090 54.720	0.876 2.722	0.284 16.134
12-2026	6.2	89.8	10.8	3.564	43.739	7.953	-2.090 54.720	0.876 2.722	0.284 16.134
12-2027	4.4	79.9	9.6	2.668	39.083	7.106	-2.090 54.720	0.876 2.722	0.284 16.134
12-2028	2.3	70.8	8.5	1.672	34.880	6.342	-2.090 54.720	0.876 2.722	0.284 16.134
12-2029	1.2	42.7	5.1	.916	22.045	4.008	-2.090 54.720	0.876 2.722	0.284 16.134
12-2030	.6	27.0	3.2	.503	14.747	2.681	-2.090 54.720	0.876 2.722	0.284 16.134
12-2031	.5	24.3	2.9	.452	13.273	2.413	-2.090 54.720	0.876 2.722	0.284 16.134
12-2032	.3	12.8	1.5	.238	6.994	1.272	-2.090 54.720	0.876 2.722	0.284 16.134
12-2033	.0	.0	.0	.000	.000	.000	.000	.000	.000
S Tot	183.9	3,398.7	407.8	114.236	1,667.368	303.158	51.218	2.594	15.029
After	.0	.0	.0	.0	.000	.000	.000	.000	.000
Total	183.9	3,398.7	407.8	114.236	1,667.368	303.158	51.218	2.594	15.029
Cum	273.7	199.8	.0						
Ult	457.6	3,598.4	407.8						

(11) End Mo-Year	(12) Oil Revenue M$	(13) Gas Revenue M$	(14) NGL Revenue M$	(15) Hedge Revenue M$	(16) Other Revenue M$	(17) Total Revenue M$	(18) Production Taxes M$	(19) Ad Valorem Taxes M$	(20) $/BOE6
12-2015	305.915	288.433	297.634	0.000	0.000	891.982	58.173	13.597	7.000
12-2016	1,351.477	1,167.281	1,197.955	0.000	0.000	3,716.714	240.128	57.013	7.092
12-2017	783.704	582.788	602.788	0.000	0.000	1,969.279	125.251	30.155	8.673
12-2018	599.259	401.710	426.898	0.000	0.000	1,427.867	89.909	21.850	10.072
12-2019	497.820	312.449	336.762	0.000	0.000	1,147.031	71.745	17.535	11.391
12-2020	395.699	253.621	273.357	0.000	0.000	922.677	57.850	13.840	12.075
12-2021	341.795	213.685	230.313	0.000	0.000	785.793	49.128	11.787	13.265
12-2022	301.014	185.402	199.829	0.000	0.000	686.245	42.831	10.294	14.432
12-2023	268.162	163.964	176.723	0.000	0.000	608.849	37.969	9.133	15.601
12-2024	241.441	147.375	158.843	0.000	0.000	547.658	34.146	8.215	16.755
12-2025	216.684	132.262	142.553	0.000	0.000	491.499	30.645	7.372	18.066
12-2026	195.030	119.044	128.307	0.000	0.000	442.381	27.582	6.636	19.484
12-2027	146.005	106.372	114.649	0.000	0.000	367.025	23.342	5.505	19.810
12-2028	91.485	94.933	102.320	0.000	0.000	288.737	19.040	4.331	19.279
12-2029	50.119	59.999	64.668	0.000	0.000	174.786	11.678	2.622	19.007
12-2030	27.509	40.136	43.259	0.000	0.000	110.905	7.534	1.664	18.550
12-2031	24.760	36.125	38.936	0.000	0.000	99.821	6.782	1.497	19.955
12-2032	13.047	19.036	20.517	0.000	0.000	52.600	3.573	.789	21.004
12-2033	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
S Tot	5,850.924	4,324.614	4,556.311	0.000	0.000	14,731.849	937.307	223.834	11.005
After	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
Total	5,850.924	4,324.614	4,556.311	0.000	0.000	14,731.849	937.307	223.834	11.005

(21) End Mo-Year	(22) Operating Expense M$	(23) Wells Gross Count	(24) Wells Net	(25) Workover Expense M$	(26) 3rd Party COPAS M$	(27) Other Deductions M$	(28) Investment M$	(29) Future Net Cash Flow M$	(30) Cumulative Cash Flow M$	(31) Cum.Cash Flow Disc.@ 10.0% M$
12-2015	56.350	3	2.8	0.000	0.000	245.560	72.000	446.301	446.301	437.508
12-2016	248.542	4	3.4	0.000	0.000	916.583	147.313	2,107.135	2,553.436	2,405.442
12-2017	254.434	4	3.4	0.000	0.000	430.630	.000	1,128.809	3,682.246	3,357.819
12-2018	254.434	4	3.4	0.000	0.000	291.405	.000	770.269	4,452.515	3,945.337
12-2019	253.563	4	3.4	0.000	0.000	222.564	.000	581.624	5,034.139	4,346.695
12-2020	227.434	3	2.5	0.000	0.000	180.405	160.154	282.995	5,317.134	4,527.922
12-2021	227.434	3	2.5	0.000	0.000	152.072	.000	345.372	5,662.506	4,723.073
12-2022	227.434	3	2.5	0.000	0.000	131.984	.000	273.702	5,936.207	4,863.065
12-2023	227.434	3	2.5	0.000	0.000	116.741	.000	217.572	6,153.779	4,963.802
12-2024	227.434	3	2.5	0.000	0.000	104.934	33.750	139.179	6,292.958	5,022.805
12-2025	227.434	3	2.5	0.000	0.000	94.173	.000	131.875	6,424.833	5,072.846
12-2026	227.434	3	2.5	0.000	0.000	84.762	.000	95.967	6,520.800	5,105.826
12-2027	197.901	3	2.5	0.000	0.000	75.500	.000	64.778	6,585.578	5,125.994
12-2028	156.724	2	1.9	0.000	0.000	67.053	.000	41.589	6,627.167	5,137.720
12-2029	94.817	2	1.9	0.000	0.000	41.946	.000	23.723	6,650.890	5,143.777
12-2030	59.524	1	1.0	0.000	0.000	27.721	.000	14.461	6,665.351	5,147.118
12-2031	59.524	1	1.0	0.000	0.000	24.951	.000	7.067	6,672.418	5,148.600
12-2032	33.705	1	1.0	0.000	0.000	13.148	22.097	-20.712	6,651.706	5,144.736
12-2033	.000	0	0.0	0.000	0.000	0.000	.000	.000	6,651.706	5,144.736
S Tot	3,261.556			0.000	0.000	3,222.132	435.313	6,651.706	6,651.706	5,144.736
After	.000			0.000	0.000	0.000	70.953	-70.953	6,580.753	5,135.213
Total	3,261.556			0.000	0.000	3,222.132	506.266	6,580.753	6,580.753	5,135.213

NYMEX 09-30-2015 Pricing

Year	WTI Cushing Oil $/STB	Henry Hub Gas $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Percent	Cum. Disc.
8.00	5,372.479
10.00	5,135.213
15.00	4,626.876
20.00	4,214.462
30.00	3,587.611
40.00	3,132.398
45.00	2,947.789
50.00	2,784.696
55.00	2,639.351

3 Months in first year **Year Life (10/2015)**

Table II-PDP31

Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Developed Shut-In Reserves
As of October 1, 2015

OPERATOR / LEASE NAME / Table Class Major Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
FORT TRINIDAD E MADISON (BUDA / GEORGETOWN) -- MADISON COUNTY, TEXAS												
NEW GULF RESOURCES												
COLOSSUS A #1 (B/GT)			82.6715 NI	**1**	**36.3**	**36.3**	**30.0**	**1,529.6**	**423.7**	**2,644.3**	**3,030.4**	**2,325.6**
1 PDSI Gas	12/15	260	99.2067 WI	**16.7**	**1,611.8**	**1,611.8**	**879.5**	**2,287.8**	**93.4**	**37.2**		
AGUILA VADO (BUDA/U.GEORGETOWN/EA) -- MADISON COUNTY, TEXAS												
NEW GULF RESOURCES												
FLY SWATTER A #1 (B/GT) (V_RE			67.5000 NI	**1**	**10.0**	**8.0**	**5.4**	**263.6**	**13.8**	**122.3**	**63.7**	**71.2**
2 PDSI Oil	12/15	1125	90.0000 WI	**4.1**	**11.8**	**9.6**	**4.3**	**10.8**	**7.1**	**78.8**		
FORT TRINIDAD E MADISON (GLEN ROSE/EDWARDS/BG) -- MADISON COUNTY, TEXAS												
NEW GULF RESOURCES, LLC												
MASTER KAN A1 (COMG) (V_RESOU			67.5000 NI	**1**	**72.6**	**71.8**	**48.5**	**2,451.3**	**419.0**	**2,826.5**	**3,118.3**	**2,502.2**
3 PDSI Gas	11/15	276	90.0000 WI	**13.5**	**1,739.7**	**1,723.0**	**767.6**	**1,983.2**	**97.8**	**60.8**		
CENTERVILLE SOUTH (WOODBINE) -- LEON COUNTY, TEXAS												
NEW GULF RESOURCES												
KELLEY 1			33.4374 NI	**0**	**18.5**	**0.0**	**0.0**	**0.0**	**0.0**	**5.3**	**-22.1**	**-15.2**
4 PDSI Oil	10/15	97	44.5832 WI	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**16.7**		
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS												
NEW GULF RESOURCES												
SAM KNIGHT 8			76.5283 NI	**0**	**52.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-32.8**	**-19.9**
5 PDSI Oil 8	10/15	120	87.5000 WI	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**32.8**		
CENTERVILLE SOUTH (WOODBINE) -- LEON COUNTY, TEXAS												
NEW GULF RESOURCES												
WALLRATH 1			61.8750 NI	**0**	**13.1**	**0.0**	**0.0**	**0.0**	**0.0**	**5.9**	**-36.8**	**-24.2**
6 PDSI Oil	10/15	95	82.5000 WI	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**30.9**		
GIDDINGS (EAGLEFORD) -- GRIMES COUNTY, TEXAS												
NEW GULF RESOURCES												
CHANEY 1H			75.0000 NI	**0**	**5.1**	**0.0**	**0.0**	**0.0**	**0.0**	**8.4**	**-45.9**	**-30.5**
7 PDSI Oil	10/15	116	100.0000 WI	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**37.5**		
MADISONVILLE, MADISON (SUB-CLARKSVILLE) -- MADISON COUNTY, TEXAS												
NEW GULF RESOURCES												
FRANCES EVANS UNIT SC 1H			48.4989 NI	**0**	**4.9**	**0.0**	**0.0**	**0.0**	**0.0**	**5.8**	**-29.2**	**-19.6**
8 PDSI Oil	10/15	11	62.4938 WI	**0.3**	**40.5**	**0.0**	**0.0**	**0.0**	**0.0**	**23.4**		
MADISONVILLE WEST, MADISON (WOODBINE) -- MADISON COUNTY, TEXAS												
NEW GULF RESOURCES												
WATSON 'WB' 1H			44.7843 NI	**1**	**234.5**	**67.9**	**30.4**	**1,606.4**	**80.8**	**857.7**	**561.5**	**364.2**
9 PDSI Oil	02/16	3	58.9250 WI	**11.5**	**130.6**	**54.3**	**16.1**	**42.8**	**25.4**	**169.4**		
LUCY CREEK (MISSISSIPPI) -- OSAGE COUNTY, OKLAHOMA												
SULLIVAN												
LUCY CREEK #1B-21H			37.5000 NI	**0**	**10.6**	**0.0**	**0.0**	**0.0**	**0.0**	**7.5**	**-26.2**	**-18.5**
10 PDSI Oil	10/15	768	50.0000 WI	**0.3**	**64.0**	**0.0**	**0.0**	**0.0**	**0.0**	**18.8**		
GRAND TOTAL				**4**	**457.6**	**183.9**	**114.2**	**5,850.9**	**937.3**	**6,483.7**	**6,580.8**	**5,135.2**
					3,598.4	**3,398.7**	**1,667.4**	**4,324.6**	**223.8**	**506.3**		

Table PUD

Composite Reserve Estimates and Economic Forecasts
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Undeveloped Reserves
As of October 1, 2015

(1) End Mo-Year	(2) Gross Oil Production MBBLS	(3) Gross Gas Production MMCF	(4) Gross NGL Production MBBLS	(5) Net Oil Production MBBLS	(6) Net Gas Sales MMCF	(7) Net NGL Production MBBLS	(8) Avg Oil Price $/BBL	(9) Avg Gas Price $/MCF	(10) Avg NGL Price $/BBL
12-2015	.0	.0	.0	.000	.000	.000	.000	.000	.000
12-2016	916.4	3,087.0	370.4	449.878	1,222.029	222.187	-2.090 46.730	0.876 2.456	0.284 13.865
12-2017	2,055.9	7,505.2	900.6	918.731	2,920.065	530.921	-2.090 50.340	0.876 2.617	0.284 14.890
12-2018	2,184.0	6,201.0	744.1	838.475	1,990.479	361.905	-2.090 52.860	0.876 2.670	0.284 15.606
12-2019	1,427.4	4,038.3	484.6	545.189	1,302.425	236.805	-2.090 54.720	0.876 2.722	0.284 16.134
12-2020	1,084.0	3,054.8	366.6	417.831	992.478	180.451	-2.090 54.720	0.876 2.722	0.284 16.134
12-2021	888.7	2,486.2	298.3	342.959	807.582	146.833	-2.090 54.720	0.876 2.722	0.284 16.134
12-2022	763.1	2,118.9	254.3	294.171	686.728	124.860	-2.090 54.720	0.876 2.722	0.284 16.134
12-2023	673.3	1,856.5	222.8	259.078	599.953	109.082	-2.090 54.720	0.876 2.722	0.284 16.134
12-2024	606.8	1,662.7	199.5	233.009	535.654	97.392	-2.090 54.720	0.876 2.722	0.284 16.134
12-2025	550.5	1,500.1	180.0	210.910	481.782	87.597	-2.090 54.720	0.876 2.722	0.284 16.134
12-2026	503.9	1,365.5	163.9	192.584	436.950	79.445	-2.090 54.720	0.876 2.722	0.284 16.134
12-2027	462.3	1,245.4	149.4	176.180	396.851	72.155	-2.090 54.720	0.876 2.722	0.284 16.134
12-2028	425.0	1,135.0	136.2	161.475	360.126	65.477	-2.090 54.720	0.876 2.722	0.284 16.134
12-2029	387.3	1,012.2	121.5	146.590	319.651	58.118	-2.090 54.720	0.876 2.722	0.284 16.134
12-2030	355.4	923.9	110.9	134.165	290.505	52.819	-2.090 54.720	0.876 2.722	0.284 16.134
12-2031	319.7	788.0	94.6	117.675	236.097	42.927	-2.090 54.720	0.876 2.722	0.284 16.134
12-2032	271.8	521.0	62.5	90.709	118.495	21.544	-2.090 54.720	0.876 2.722	0.284 16.134
12-2033	247.4	462.5	55.5	81.707	100.945	18.354	-2.090 54.720	0.876 2.722	0.284 16.134
S Tot	14,123.0	40,964.0	4,915.7	5,611.314	13,798.795	2,508.872	53.084	2.669	15.594
After	1,419.1	2,651.6	318.2	435.6	543.681	98.851	54.720	2.722	16.134
Total	15,542.1	43,615.7	5,233.9	6,046.926	14,342.476	2,607.723	53.202	2.671	15.614
Cum	.0	.0	.0						
Ult	15,542.1	43,615.7	5,233.9						

(11) End Mo-Year	(12) Oil Revenue M$	(13) Gas Revenue M$	(14) NGL Revenue M$	(15) Hedge Revenue M$	(16) Other Revenue M$	(17) Total Revenue M$	(18) Production Taxes M$	(19) Ad Valorem Taxes M$	(20) $/BOE6
12-2015	.000	.000	.000	0.000	0.000	.000	.000	.000	.000
12-2016	21,022.782	3,001.718	3,080.599	0.000	0.000	27,105.098	1,427.732	406.576	3.646
12-2017	46,248.914	7,643.176	7,905.477	0.000	0.000	61,797.567	3,303.108	926.963	4.475
12-2018	44,321.787	5,314.597	5,647.820	0.000	0.000	55,284.203	2,869.189	829.263	5.580
12-2019	29,832.747	3,544.779	3,820.615	0.000	0.000	37,198.141	1,930.052	557.972	7.184
12-2020	22,863.713	2,701.204	2,911.397	0.000	0.000	28,476.314	1,476.766	427.145	8.575
12-2021	18,766.737	2,197.976	2,369.010	0.000	0.000	23,333.723	1,209.146	350.006	9.892
12-2022	16,097.010	1,869.052	2,014.491	0.000	0.000	19,980.553	1,034.599	299.708	11.121
12-2023	14,176.768	1,632.879	1,759.940	0.000	0.000	17,569.587	909.118	263.544	12.300
12-2024	12,750.267	1,457.876	1,571.320	0.000	0.000	15,779.464	815.970	236.692	13.411
12-2025	11,540.988	1,311.255	1,413.289	0.000	0.000	14,265.532	737.277	213.983	14.571
12-2026	10,538.170	1,189.235	1,281.775	0.000	0.000	13,009.181	671.952	195.138	15.744
12-2027	9,640.552	1,080.099	1,164.146	0.000	0.000	11,884.797	613.493	178.272	17.007
12-2028	8,835.885	980.145	1,056.415	0.000	0.000	10,872.445	560.757	163.087	18.327
12-2029	8,021.379	869.986	937.684	0.000	0.000	9,829.049	505.973	147.436	19.784
12-2030	7,341.485	790.660	852.185	0.000	0.000	8,984.329	462.215	134.765	21.428
12-2031	6,439.157	642.580	692.582	0.000	0.000	7,774.318	397.460	116.615	22.585
12-2032	4,963.605	322.504	347.600	0.000	0.000	5,633.709	279.404	84.506	21.519
12-2033	4,471.032	274.739	296.118	0.000	0.000	5,041.890	249.216	75.628	23.021
S Tot	297,872.978	36,824.459	39,122.465	0.000	0.000	373,819.902	19,453.427	5,607.299	9.570
After	23,836.702	1,479.724	1,594.868	0.000	0.000	26,911.293	1,331.003	403.669	30.328
Total	321,709.680	38,304.182	40,717.332	0.000	0.000	400,731.195	20,784.430	6,010.968	10.780

(21) End Mo-Year	(22) Operating Expense M$	(23) Wells Gross Count	(24) Wells Net Count	(25) Workover Expense M$	(26) 3rd Party COPAS M$	(27) Other Deductions M$	(28) Investment M$	(29) Future Net Cash Flow M$	(30) Cumulative Cash Flow M$	(31) Cum.Cash Flow Disc.@ 10.0% M$
12-2015	.000	0	0.0	0.000	0.000	0.000	6,037.500	-6,037.500	-6,037.500	-5,907.432
12-2016	852.933	23	17.8	0.000	0.000	2,056.443	65,003.390	-42,641.977	-48,679.477	-45,909.156
12-2017	3,000.932	48	32.9	0.000	0.000	4,833.076	61,058.480	-11,324.992	-60,004.469	-55,362.413
12-2018	4,135.888	58	35.4	0.000	0.000	3,706.246	5,429.901	38,313.716	-21,690.753	-26,252.347
12-2019	4,179.334	58	35.4	0.000	0.000	2,402.544	.000	28,128.239	6,437.485	-6,829.413
12-2020	4,179.334	58	35.4	0.000	0.000	1,827.778	.000	20,565.293	27,002.778	6,013.546
12-2021	4,179.334	58	35.4	0.000	0.000	1,488.482	.000	16,106.755	43,109.533	15,113.872
12-2022	4,179.334	58	35.4	0.000	0.000	1,267.598	.000	13,199.314	56,308.848	21,863.198
12-2023	4,179.334	58	35.4	0.000	0.000	1,109.248	.000	11,108.344	67,417.192	27,004.292
12-2024	4,179.334	58	35.4	0.000	0.000	991.991	.000	9,555.477	76,972.668	31,006.870
12-2025	4,179.334	58	35.4	0.000	0.000	893.650	.000	8,241.288	85,213.956	34,131.203
12-2026	4,179.334	58	35.4	0.000	0.000	812.180	.000	7,150.577	92,364.533	36,585.248
12-2027	4,179.334	58	35.4	0.000	0.000	739.428	.000	6,174.270	98,538.803	38,503.589
12-2028	4,166.387	58	35.4	0.000	0.000	672.912	.000	5,309.303	103,848.106	39,996.927
12-2029	4,101.334	57	34.8	0.000	0.000	600.164	.000	4,474.141	108,322.247	41,135.980
12-2030	4,101.334	57	34.8	0.000	0.000	546.785	.000	3,739.230	112,061.477	41,997.839
12-2031	3,719.902	57	34.8	0.000	0.000	456.689	.000	3,083.653	115,145.130	42,641.368
12-2032	2,405.231	44	22.2	0.000	0.000	273.124	.000	2,591.445	117,736.575	43,130.780
12-2033	2,303.854	41	19.5	0.000	0.000	239.065	24.375	2,149.752	119,886.327	43,498.386
S Tot	66,401.801			0.000	0.000	24,917.402	137,553.646	119,886.327	119,886.327	43,498.386
After	16,634.718			0.000	0.000	1,273.519	1,300.417	5,967.968	125,854.295	44,308.969
Total	83,036.519			0.000	0.000	26,190.922	138,854.062	125,854.295	125,854.295	44,308.969

NYMEX 09-30-2015 Pricing

Year	WTI Cushing Oil $/STB	Henry Hub Gas $/MMBTU
2015	45.50	2.600
2016	48.82	2.805
2017	52.43	2.989
2018	54.95	3.049
2019	56.81	3.108
Thereafter	Flat	Flat
Cap	56.81	3.108

Percent	Cum. Disc.
8.00	55,297.697
10.00	44,308.969
15.00	23,480.516
20.00	9,153.079
30.00	-8,334.452
40.00	-17,688.958
45.00	-20,629.685
50.00	-22,796.796
55.00	-24,376.220

3 Months in first year **Year Life (10/2015)**

Table II PUD

Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Undeveloped Reserves
As of October 1, 2015

OPERATOR / LEASE NAME / Table Class Major Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
FORT TRINIDAD E MADISON (BUDA/GEORGETOWN/EDWA) -- MADISON COUNTY, TEXAS												
NEW GULF RESOURCES												
IRON DUKE A #1 OFFSET (1)			48.7500 NI	**1**	**89.5**	**89.5**	**43.6**	**2,231.2**	**257.4**	**1,630.3**	**522.1**	**82.0**
1 PUD Oil	02/16	775	65.0000 WI	**12.8**	**1,191.5**	**1,191.5**	**383.4**	**1,000.8**	**64.3**	**1,811.9**		
FORT TRINIDAD E HOUSTON (BUDAROSE) -- HOUSTON COUNTY, TEXAS												
NEW GULF RESOURCES												
GAYLOR #16 (BED_BDRS_V_PUD #9			80.0000 NI	**1**	**130.4**	**130.4**	**104.3**	**5,417.2**	**474.6**	**2,381.5**	**2,636.9**	**1,296.0**
2 PUD Oil	07/16	373	100.0000 WI	**16.4**	**1,043.2**	**1,043.2**	**550.8**	**1,453.1**	**126.1**	**2,787.5**		
GAYLOR #11(BEDLAMPUD12)			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,407.3**	**473.2**	**2,587.9**	**2,409.3**	**1,192.4**
3 PUD Oil	01/17	390	100.0000 WI	**14.9**	**1,020.9**	**1,020.9**	**539.0**	**1,444.0**	**125.8**	**2,787.5**		
GAYLOR #6			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,410.0**	**473.4**	**2,587.9**	**2,412.8**	**1,190.5**
4 PUD Oil	01/17	680	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,444.3**	**125.8**	**2,787.5**		
GAYLOR #7			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,412.8**	**473.6**	**2,587.9**	**2,416.5**	**1,188.8**
5 PUD Oil	01/17	679	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,444.7**	**125.9**	**2,787.5**		
GAYLOR #8			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,384.5**	**471.3**	**2,586.4**	**2,379.4**	**1,174.9**
6 PUD Oil	12/16	681	100.0000 WI	**14.9**	**1,020.9**	**1,020.9**	**539.0**	**1,439.2**	**125.2**	**2,787.5**		
GAYLOR #9			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,373.8**	**470.4**	**2,586.5**	**2,364.6**	**1,166.7**
7 PUD Oil	11/16	682	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,437.0**	**125.0**	**2,787.5**		
GAYLOR #4			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,363.8**	**469.6**	**2,586.6**	**2,350.8**	**1,159.3**
8 PUD Oil	11/16	683	100.0000 WI	**14.9**	**1,020.9**	**1,020.9**	**539.0**	**1,434.9**	**124.8**	**2,787.5**		
GAYLOR #18 (BDRS_V_PUD #10)			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,354.5**	**468.8**	**2,586.7**	**2,338.0**	**1,152.8**
9 PUD Oil	10/16	374	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,433.0**	**124.6**	**2,787.5**		
GAYLOR #5			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,396.1**	**472.3**	**2,587.7**	**2,394.1**	**1,146.3**
10 PUD Oil	12/16	737	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,441.7**	**125.5**	**2,787.5**		
GAYLOR #15			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,337.5**	**467.4**	**2,586.5**	**2,314.7**	**1,141.6**
11 PUD Oil	09/16	827	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,429.5**	**124.2**	**2,787.5**		
GAYLOR #10			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,329.6**	**466.8**	**2,586.7**	**2,303.7**	**1,136.7**
12 PUD Oil	09/16	828	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,427.9**	**124.0**	**2,787.5**		
GAYLOR #14			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,322.1**	**466.2**	**2,586.8**	**2,293.3**	**1,132.2**
13 PUD Oil	08/16	826	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,426.4**	**123.9**	**2,787.5**		
GAYLOR #13			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,314.9**	**465.6**	**2,586.8**	**2,283.4**	**1,128.2**
14 PUD Oil	08/16	741	100.0000 WI	**15.0**	**1,020.9**	**1,020.9**	**539.0**	**1,425.0**	**123.7**	**2,787.5**		
GAYLOR #17 (BDRS_V_PUD #11)			80.0000 NI	**1**	**127.6**	**127.6**	**102.1**	**5,308.0**	**465.0**	**2,586.8**	**2,274.0**	**1,124.6**
15 PUD Oil	08/16	375	100.0000 WI	**14.9**	**1,020.9**	**1,020.9**	**539.0**	**1,423.6**	**123.6**	**2,787.5**		
FORREST #1 (BDRS_V_PUD #13)			62.3700 NI	**1**	**127.6**	**127.6**	**79.6**	**4,232.0**	**370.1**	**2,016.2**	**1,902.7**	**923.5**
16 PUD Oil	04/17	380	77.9000 WI	**15.0**	**1,021.0**	**1,021.0**	**420.3**	**1,127.8**	**98.4**	**2,171.5**		
CENTERVILLE (GLEN ROSE) -- LEON COUNTY, TEXAS												
NEW GULF RESOURCES												
CENTERVILLE_GLRS_V_PUD #1			37.5000 NI	**1**	**58.8**	**58.8**	**22.1**	**1,177.6**	**262.1**	**1,524.7**	**828.6**	**356.3**
17 PUD Oil	07/17	192	50.0000 WI	**14.4**	**2,012.7**	**2,012.7**	**498.2**	**1,339.1**	**59.1**	**1,268.8**		
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS												
NEW GULF RESOURCES												
ROBERSON 1H (PUD #30)			75.0000 NI	**1**	**261.2**	**261.2**	**195.9**	**10,522.6**	**594.0**	**3,231.3**	**3,275.4**	**642.5**
18 PUD Oil	05/17	675	93.0000 WI	**23.3**	**522.4**	**522.4**	**258.6**	**697.3**	**179.5**	**4,684.9**		
MARION 1H (H_WB_HZ_PUD #12)			62.2845 NI	**1**	**260.3**	**260.3**	**162.1**	**8,740.2**	**493.3**	**2,713.7**	**2,586.4**	**436.0**
19 PUD Oil	08/17	349	79.3000 WI	**23.0**	**520.6**	**520.6**	**214.0**	**578.1**	**149.1**	**3,994.7**		
EASTERLING 2H (H_WB_HZ_PUD #1			68.2720 NI	**1**	**260.0**	**260.0**	**177.5**	**9,563.5**	**539.8**	**2,985.6**	**2,767.1**	**434.5**
20 PUD Oil	08/17	175	87.7000 WI	**22.8**	**520.0**	**520.0**	**234.3**	**632.8**	**163.1**	**4,417.9**		
ROCHAMP A 1H (PUD #29)			75.0000 NI	**1**	**258.7**	**258.7**	**194.0**	**10,525.0**	**593.8**	**3,330.6**	**2,822.4**	**336.9**
21 PUD Oil	12/17	671	100.0000 WI	**22.4**	**517.4**	**517.4**	**256.1**	**693.7**	**179.5**	**5,037.5**		
REYNE AW 1H (H_WB_HZ_PUD #3)			49.9000 NI	**1**	**259.4**	**259.4**	**129.5**	**6,982.0**	**394.0**	**2,197.8**	**1,942.7**	**264.1**
22 PUD Oil	08/17	167	65.2000 WI	**22.7**	**518.8**	**518.8**	**170.9**	**461.7**	**119.1**	**3,284.4**		

Table II-PUD (cont.)
Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Undeveloped Reserves
As of October 1, 2015

OPERATOR / LEASE NAME / Table Class Major Well No. Start Date ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
HALLIDAY (WOODBINE) -- LEON COUNTY, TEXAS										
NEW GULF RESOURCES										
MANDERLY AW 1H (H_WB_HZ_PUD #	45.1810 NI	**1**	**259.4**	**259.4**	**117.2**	**6,330.0**	**357.2**	**1,989.2**	**1,769.9**	**248.8**
23 PUD Oil 09/17 166	59.0000 WI	**22.7**	**518.9**	**518.9**	**154.7**	**418.3**	**107.9**	**2,972.1**		
ROBERSON 3H (PUD #33)	56.2500 NI	**1**	**258.7**	**258.7**	**145.5**	**7,874.6**	**444.3**	**2,498.0**	**2,097.1**	**235.9**
24 PUD Oil 11/17 676	75.0000 WI	**22.4**	**517.4**	**517.4**	**192.1**	**519.7**	**134.3**	**3,778.1**		
LUCKY 1H (WDBN_HZ_PUD #17)	56.2500 NI	**1**	**258.7**	**258.7**	**145.5**	**7,853.2**	**443.2**	**2,498.1**	**2,075.0**	**222.3**
25 PUD Oil 09/17 176	75.0000 WI	**22.4**	**517.4**	**517.4**	**192.1**	**519.1**	**133.9**	**3,778.1**		
EASTERLING BLADEN 1H (H_WB_HZ	46.0000 NI	**1**	**258.9**	**258.9**	**119.1**	**6,454.8**	**364.2**	**2,038.3**	**1,752.0**	**216.5**
26 PUD Oil 12/17 161	61.0000 WI	**22.5**	**517.8**	**517.8**	**157.2**	**425.7**	**110.1**	**3,072.9**		
PAYNE 1H (PUD #32)	55.4864 NI	**1**	**258.5**	**258.5**	**143.4**	**7,749.6**	**437.3**	**2,470.9**	**2,018.2**	**200.4**
27 PUD Oil 10/17 178	74.4727 WI	**22.3**	**516.9**	**516.9**	**189.3**	**511.9**	**132.2**	**3,751.6**		
TOWNSELL A 3H(H_WB_HZ_PUD #10	54.0000 NI	**1**	**258.3**	**258.3**	**139.5**	**7,554.5**	**426.3**	**2,408.3**	**1,959.5**	**192.0**
28 PUD Oil 11/17 173	72.7500 WI	**22.3**	**516.7**	**516.7**	**184.1**	**498.4**	**128.8**	**3,664.8**		
WILCOX 1H (H_WB_HZ_PUD #8)	29.3478 NI	**1**	**258.7**	**258.7**	**75.9**	**4,122.5**	**232.6**	**1,302.9**	**1,110.5**	**133.5**
29 PUD Oil 01/18 171	39.1000 WI	**22.4**	**517.5**	**517.5**	**100.2**	**271.6**	**70.3**	**1,969.7**		
LACEY 1H (H_WB_HZ_PUD #6&11)	32.0000 NI	**1**	**258.4**	**258.4**	**82.7**	**4,496.2**	**253.6**	**1,425.2**	**1,188.8**	**128.8**
30 PUD Oil 04/18 169	43.0000 WI	**22.3**	**516.8**	**516.8**	**109.2**	**296.0**	**76.7**	**2,166.1**		
DAVIS #1H (PUD #5)	29.0000 NI	**1**	**258.4**	**258.4**	**74.9**	**4,069.1**	**229.6**	**1,292.4**	**1,069.2**	**113.8**
31 PUD Oil 01/18 168	39.0000 WI	**22.3**	**516.8**	**516.8**	**98.9**	**268.1**	**69.4**	**1,964.6**		
CANNON AW 1H (H_WB_HZ_PUD #15	22.5000 NI	**1**	**258.3**	**258.3**	**58.1**	**3,159.8**	**178.3**	**1,003.1**	**829.9**	**87.1**
32 PUD Oil 03/18 350	30.3000 WI	**22.3**	**516.7**	**516.7**	**76.7**	**208.1**	**53.9**	**1,526.4**		
LITZ 1H (H_WB_HZ_PUD #7)	20.7420 NI	**1**	**258.4**	**258.4**	**53.6**	**2,910.9**	**164.2**	**924.5**	**764.9**	**81.2**
33 PUD Oil 01/18 170	27.9000 WI	**22.4**	**516.8**	**516.8**	**70.7**	**191.7**	**49.6**	**1,405.5**		
PEGGY AW 1H (H_WB_HZ_PUD #16)	15.7500 NI	**1**	**258.7**	**258.7**	**40.7**	**2,213.5**	**124.9**	**699.4**	**596.1**	**71.1**
34 PUD Oil 02/18 351	21.0000 WI	**22.4**	**517.4**	**517.4**	**53.8**	**145.8**	**37.7**	**1,057.9**		
SNOW 1H	10.3000 NI	**1**	**258.8**	**258.8**	**26.7**	**1,449.6**	**81.8**	**456.8**	**394.2**	**48.4**
35 PUD Oil 04/18 673	13.7000 WI	**22.5**	**517.6**	**517.6**	**35.2**	**95.4**	**24.7**	**690.1**		
REED 1H (PUD #31)	10.2750 NI	**1**	**258.7**	**258.7**	**26.6**	**1,444.3**	**81.5**	**456.2**	**389.3**	**46.4**
36 PUD Oil 02/18 674	13.7000 WI	**22.5**	**517.4**	**517.4**	**35.1**	**95.1**	**24.6**	**690.1**		
SULLIVAN 1H (H_WB_HZ_PUD #9)	15.4886 NI	**1**	**257.8**	**257.8**	**39.9**	**2,169.6**	**122.4**	**695.1**	**543.7**	**43.0**
37 PUD Oil 03/18 172	21.2000 WI	**22.1**	**515.5**	**515.5**	**52.7**	**142.9**	**37.0**	**1,068.0**		
AGUILA VADO (WILCOX) -- GRIMES COUNTY, TEXAS										
NEW GULF RESOURCES										
JOHNSONRANCH_WLCX_V_PUD #1	77.5000 NI	**1**	**167.9**	**167.9**	**130.1**	**6,838.9**	**333.3**	**1,867.3**	**3,229.9**	**1,804.9**
38 PUD Oil 06/16 236	100.0000 WI	**17.7**	**83.9**	**83.9**	**42.9**	**114.1**	**106.1**	**1,537.5**		
KURTEN (WOODBINE) -- MADISON COUNTY, TEXAS										
NEW GULF RESOURCES										
SHEPHERD CREEK 2H (WB_HZ_PUD	51.8300 NI	**1**	**431.9**	**431.9**	**223.8**	**11,729.9**	**650.6**	**2,813.6**	**6,246.6**	**2,739.7**
39 PUD Oil 03/16 255	65.0000 WI	**28.6**	**777.3**	**777.3**	**265.9**	**704.8**	**197.7**	**3,274.4**		
SHEPHERD HALL 1H (WB_HZ_PUD #	42.0000 NI	**1**	**430.4**	**430.4**	**180.8**	**9,491.0**	**526.4**	**2,329.2**	**4,880.2**	**2,071.7**
40 PUD Oil 04/16 254	55.0000 WI	**28.1**	**774.7**	**774.7**	**214.7**	**569.9**	**160.0**	**2,770.6**		
LENZ THEISS 4H (WDBN_HZ_PUD #	44.0500 NI	**1**	**429.2**	**429.2**	**189.1**	**9,920.0**	**550.2**	**2,481.3**	**4,950.1**	**2,062.4**
41 PUD Oil 04/16 243	59.5500 WI	**27.7**	**772.6**	**772.6**	**224.6**	**595.9**	**167.2**	**2,999.8**		
HALL 2H (WDBN_HZ_PUD #16)	32.8000 NI	**1**	**432.8**	**432.8**	**141.9**	**7,465.7**	**414.0**	**1,756.2**	**4,078.9**	**1,791.3**
42 PUD Oil 05/16 253	40.0000 WI	**29.0**	**779.0**	**779.0**	**168.6**	**448.1**	**125.8**	**2,015.0**		
LENZ THEISS 7H (WB_HZ_PUD #3	30.2700 NI	**1**	**429.4**	**429.4**	**130.0**	**6,855.1**	**380.1**	**1,702.8**	**3,449.2**	**1,417.9**
43 PUD Oil 07/16 239	40.8100 WI	**27.8**	**772.8**	**772.8**	**154.4**	**411.2**	**115.6**	**2,055.8**		
LENZ THEISS 9H (WB_HZ_PUD #2	27.0200 NI	**1**	**429.2**	**429.2**	**116.0**	**6,152.1**	**341.1**	**1,522.7**	**3,103.1**	**1,259.3**
44 PUD Oil 10/16 238	36.5700 WI	**27.7**	**772.6**	**772.6**	**137.8**	**368.5**	**103.7**	**1,842.2**		
LENZ THEISS 5H (WB_HZ_PUD #4	24.8500 NI	**1**	**429.3**	**429.3**	**106.7**	**5,712.7**	**316.6**	**1,398.0**	**2,918.7**	**1,170.9**
45 PUD Oil 02/17 240	33.5200 WI	**27.7**	**772.8**	**772.8**	**126.7**	**341.3**	**96.3**	**1,688.6**		
LENZ THEISS 1H (WDBN_HZ_PUD #	24.8500 NI	**1**	**429.3**	**429.3**	**106.7**	**5,715.0**	**316.8**	**1,397.8**	**2,921.1**	**1,168.3**
46 PUD Oil 02/17 242	33.5200 WI	**27.8**	**772.8**	**772.8**	**126.7**	**341.4**	**96.3**	**1,688.6**		

Table II-PUD (cont.)
Lease Reserve Summary
New Gulf Resources Interests
Certain Properties in Various Counties in Texas
Proved Undeveloped Reserves
As of October 1, 2015

OPERATOR / LEASE NAME	Table	Class	Major	Well No.	Start Date	ASN	Current Interest %	WellCnt Life	Ultimate Recovery	Gross Reserves MBBL / MMCF	Net Reserves MBBL / MMCF	Oil Revenue Gas Revenue M$ / M$	Prod Tax Adv. Tax M$ / M$	Expenses Investments M$ / M$	Future Net Cash Flow M$	Cash Flow Disc.@ 10.0 M$
KURTEN (WOODBINE) -- MADISON COUNTY, TEXAS																
NEW GULF RESOURCES																
LENZ THEISS 3H (WB_HZ_PUD #5	47	PUD	Oil		03/17	241	24.8500 NI 33.5200 WI	**1** **27.7**	**429.3** **772.8**	**429.3** **772.8**	**106.7** **126.7**	**5,717.1** **341.4**	**316.9** **96.3**	**1,398.2** **1,688.6**	**2,923.0**	**1,165.6**
LENZ THEISS 11H WB_HZ_PUD #1	48	PUD	Oil		03/17	191	23.7600 NI 34.8281 WI	**1** **27.7**	**429.0** **772.2**	**429.0** **772.2**	**101.9** **121.1**	**5,464.6** **326.3**	**302.9** **92.1**	**1,342.6** **1,753.5**	**2,648.1**	**986.9**
THEISS 1H (WDBN_HZ_PUD #12)	49	PUD	Oil		05/16	248	17.7500 NI 25.9600 WI	**1** **27.6**	**429.0** **772.2**	**429.0** **772.2**	**76.1** **90.5**	**4,000.5** **240.2**	**221.9** **67.4**	**1,003.4** **1,307.1**	**1,896.1**	**733.5**
THEISS 3H (WDBN_HZ_PUD #11)	50	PUD	Oil		04/17	247	16.5200 NI 24.1397 WI	**1** **26.8**	**426.3** **767.4**	**426.3** **767.4**	**70.4** **83.7**	**3,778.4** **225.5**	**209.4** **63.7**	**966.0** **1,216.0**	**1,789.6**	**668.8**
THEISS 5H (PUD #10)	51	PUD	Oil		05/17	244	15.8800 NI 23.1900 WI	**1** **27.7**	**429.0** **772.2**	**429.0** **772.2**	**68.1** **80.9**	**3,658.3** **218.2**	**202.7** **61.6**	**897.5** **1,167.6**	**1,780.2**	**658.2**
THEISS 7H (PUD #9)	52	PUD	Oil		06/17	245	13.4600 NI 18.3300 WI	**1** **27.6**	**429.0** **772.2**	**429.0** **772.2**	**57.7** **68.6**	**3,102.2** **185.0**	**171.9** **52.3**	**760.8** **923.4**	**1,576.5**	**613.9**
LENZ THEISS 2H (PUD #8)	53	PUD	Oil		06/17	684	13.3300 NI 18.7800 WI	**1** **27.2**	**427.7** **769.9**	**427.7** **769.9**	**57.0** **67.7**	**3,064.5** **182.7**	**169.8** **51.6**	**765.8** **946.0**	**1,509.2**	**573.2**
IRON KURTEN(WDBN_HZ_PUD #13)	54	PUD	Oil		07/17	249	11.8800 NI 17.4141 WI	**1** **27.6**	**429.0** **772.3**	**429.0** **772.3**	**51.0** **60.6**	**2,740.9** **163.4**	**151.9** **46.2**	**671.1** **876.8**	**1,333.0**	**487.2**
HENRY ODOM #14H	55	PUD	Oil		03/16	407	64.0000 NI 85.0000 WI	**1** **23.1**	**276.5** **497.7**	**276.5** **497.7**	**177.0** **210.2**	**9,249.2** **556.3**	**513.0** **155.9**	**2,823.8** **4,281.9**	**2,621.0**	**407.3**
MD AMERICA																
HENRY ODEM 11H (K_WB_23H)	56	PUD	Oil		06/16	289	30.8296 NI 40.1378 WI	**1** **23.8**	**278.4** **501.1**	**278.4** **501.1**	**85.8** **102.0**	**4,513.6** **271.0**	**250.3** **76.1**	**1,203.7** **2,021.9**	**1,520.4**	**356.9**
NEW GULF RESOURCES																
HENRY ODEM 13H (PUD # 22)	57	PUD	Oil		03/16	408	52.0000 NI 70.0000 WI	**1** **23.0**	**276.0** **496.9**	**276.0** **496.9**	**143.5** **170.5**	**7,511.8** **451.6**	**416.6** **126.6**	**2,307.5** **3,526.2**	**2,065.7**	**281.4**
MD AMERICA																
WATSON WB #2H (HZ_WB_PUD #14)	58	PUD	Oil		05/18	412	0.2985 NI 0.3980 WI	**1** **27.9**	**429.7** **773.5**	**429.7** **773.5**	**1.3** **1.5**	**69.8** **4.1**	**3.9** **1.2**	**16.7** **20.1**	**36.5**	**13.5**
GRAND TOTAL								**58**	**15,542.1** **43,615.7**	**15,542.1** **43,615.7**	**6,046.9** **14,342.5**	**321,709.7** **38,304.2**	**20,784.4** **6,011.0**	**109,227.4** **138,854.1**	**125,854.3**	**44,309.0**

APPENDIX
Explanatory Comments for Summary Tables

HEADINGS

Table I
Description of Table Information
Identity of Interest Evaluated
Property Description - Location
Reserve Classification and Development Status
Effective Date of Evaluation

FORECAST

(Columns)

(1) (11) (21)	Calendar or Fiscal years/months commencing on effective date.
(2) (3) (4)	Gross Production (8/8th) for the years/months which are economical. These are expressed as thousands of barrels (Mbbl) and millions of cubic feet (MMcf) of gas at standard conditions. Total future production, cumulative production to effective date, and ultimate recovery at the effective date are shown following the annual/monthly forecasts.
(5) (6) (7)	Net Production accruable to evaluated interest is calculated by multiplying the revenue interest times the gross production. These values take into account changes in interest and gas shrinkage.
(8)	Average (volume weighted) gross liquid price per barrel before deducting production-severance taxes.
(9)	Average (volume weighted) gross gas price per Mcf before deducting production-severance taxes.
(10)	Average (volume weighted) gross NGL price per barrel before deducting production-severance taxes.
(12)	Revenue derived from oil sales -- column (5) times column (8).
(13)	Revenue derived from gas sales -- column (6) times column (9).
(14)	Revenue derived from NGL sales -- column (7) times column (10).
(15)	Revenue derived from hedge sources.
(16)	Revenue not derived from column (12) through column (15); may include electrical sales revenue and saltwater disposal revenue.
(17)	Total Revenue – sum of column (12) through column (16).
(18)	Production-Severance taxes deducted from gross oil, gas and NGL revenue.
(19)	Ad Valorem taxes.
(20)	$/BOE6 – is the total of column (22), column (25), column (26), and column (27) divided by Barrels of Oil Equivalent ("BOE"). BOE is net oil production column (5) plus net gas production column (6) converted to oil at six Mcf gas per one bbl oil plus net NGL production column (7) converted to oil at one bbl NGL per 0.65 bbls of oil.
(22)	Operating Expenses are direct operating expenses to the evaluated working interest and may include combined fixed rate administrative overhead charges for operated oil and gas producers known as COPAS.
(23)	Average gross wells.
(24)	Average net wells are gross wells times working interest.
(25)	Work-over Expenses are non-direct operating expenses and may include maintenance, well service, compressor, tubing, and pump repair.
(26)	3rd Party COPAS are combined fixed rate administrative overhead charges for non-operated oil and gas producers.
(27)	Other Deductions may include compression-gathering expenses, transportation costs and water disposal costs.
(28)	Investments, if any, include re-completions, future drilling costs, pumping units, etc. and may include either tangible or intangible or both, and the costs for plugging and the salvage value of equipment at abandonment may be shown as negative investments at end of life.
(29) (30)	Future Net Cash Flow is column (18) less the total of column (19), column (22), column (25), column (26), column (27) and column (28). The data in column (29) are accumulated in column (30). Federal income taxes have not been considered.
(31)	Cumulative Discounted Cash Flow is calculated by discounting monthly cash flows at the specified annual rates.

MISCELLANEOUS

DCF Profile	• The cumulative cash flow discounted at six different interest rates are shown at the bottom of columns (30-31). Interest has been compounded monthly. The DCF's for the "Without Hedge" case may be shown to the left of the main DCF profile.
Life	• The economic life of the appraised property is noted in the lower right-hand corner of the table.
Footnotes	• Comments regarding the evaluation may be shown in the lower left-hand footnotes.
Price Deck	• A table of oil and gas prices, price caps and escalation rates may be shown in the lower middle footnotes.

APPENDIX

Methods Employed in the Estimation of Reserves

The four methods customarily employed in the estimation of reserves are (1) *production performance*, (2) *material balance*, (3) *volumetric* and (4) *analogy*. Most estimates, although based primarily on one method, utilize other methods depending on the nature and extent of the data available and the characteristics of the reservoirs.

Basic information includes production, pressure, geological and laboratory data. However, a large variation exists in the quality, quantity and types of information available on individual properties. Operators are generally required by regulatory authorities to file monthly production reports and may be required to measure and report periodically such data as well pressures, gas-oil ratios, well tests, etc. As a general rule, an operator has complete discretion in obtaining and/or making available geological and engineering data. The resulting lack of uniformity in data renders impossible the application of identical methods to all properties, and may result in significant differences in the accuracy and reliability of estimates.

A brief discussion of each method, its basis, data requirements, applicability and generalization as to its relative degree of accuracy follows:

Production performance. This method employs graphical analyses of production data on the premise that all factors which have controlled the performance to date will continue to control and that historical trends can be extrapolated to predict future performance. The only information required is production history. Capacity production can usually be analyzed from graphs of rates versus time or cumulative production. This procedure is referred to as "decline curve" analysis. Both capacity and restricted production can, in some cases, be analyzed from graphs of producing rate relationships of the various production components. Reserve estimates obtained by this method are generally considered to have a relatively high degree of accuracy with the degree of accuracy increasing as production history accumulates.

Material balance. This method employs the analysis of the relationship of production and pressure performance on the premise that the reservoir volume and its initial hydrocarbon content are fixed and that this initial hydrocarbon volume and recoveries therefrom can be estimated by analyzing changes in pressure with respect to production relationships. This method requires reliable pressure and temperature data, production data, fluid analyses and knowledge of the nature of the reservoir. The material balance method is applicable to all reservoirs, but the time and expense required for its use is dependent on the nature of the reservoir and its fluids. Reserves for depletion type reservoirs can be estimated from graphs of pressures corrected for compressibility versus cumulative production, requiring only data that are usually available. Estimates for other reservoir types require extensive data and involve complex calculations most suited to computer models which makes this method generally applicable only to reservoirs where there is economic justification for its use. Reserve estimates obtained by this method are generally considered to have a degree of accuracy that is directly related to the complexity of the reservoir and the quality and quantity of data available.

Volumetric. This method employs analyses of physical measurements of rock and fluid properties to calculate the volume of hydrocarbons in-place. The data required are well information sufficient to determine reservoir subsurface datum, thickness, storage volume, fluid content and location. The volumetric method is most applicable to reservoirs which are not susceptible to analysis by production performance or material balance methods. These are most commonly newly developed and/or no-pressure depleting reservoirs. The amount of hydrocarbons in-place that can be recovered is not an integral part of the volumetric calculations but is an estimate inferred by other methods and a knowledge of the nature of the reservoir. Reserve estimates obtained by this method are generally considered to have a low degree of accuracy; but the degree of accuracy can be relatively high where rock quality and subsurface control is good and the nature of the reservoir is uncomplicated.

Analogy. This method which employs experience and judgment to estimate reserves, is based on observations of similar situations and includes consideration of theoretical performance. The analogy method is applicable where the data are insufficient or so inconclusive that reliable reserve estimates cannot be made by other methods. Reserve estimates obtained by this method are generally considered to have a relatively low degree of accuracy.

Much of the information used in the estimation of reserves is itself arrived at by the use of estimates. These estimates are subject to continuing change as additional information becomes available. Reserve estimates which presently appear to be correct may be found to contain substantial errors as time passes and new information is obtained about well and reservoir performance.

APPENDIX

Reserve Definitions and Classifications

The Securities and Exchange Commission, in SX Reg. 210.4-10 dated November 18, 1981, as amended on September 19, 1989 and January 1, 2010, requires adherence to the following definitions of oil and gas reserves:

"(22) **Proved oil and gas reserves**. Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations— prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

"(i) The area of a reservoir considered as proved includes: (A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

"(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.

"(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

"(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (B) The project has been approved for development by all necessary parties and entities, including governmental entities.

"(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

"(6) **Developed oil and gas reserves**. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

"(i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and

"(ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

"(31) **Undeveloped oil and gas reserves**. Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

"(i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.

"(ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

"(iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

"(18) **Probable reserves**. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

"(i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.

"(ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.

"(iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.

"(iv) See also guidelines in paragraphs (17)(iv) and (17)(vi) of this section (below).

"(17) **Possible reserves**. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

"(i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

"(ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

"(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

"(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

"(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

"(vi) Pursuant to paragraph (22)(iii) of this section (above), where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations."

Instruction 4 of Item 2(b) of Securities and Exchange Commission Regulation S-K was revised January 1, 2010 to state that "a registrant engaged in oil and gas producing activities shall provide the information required by Subpart 1200 of Regulation S–K." This is relevant in that Instruction 2 to paragraph (a)(2) states: "The registrant is *permitted, but not required*, to disclose probable or possible reserves pursuant to paragraphs (a)(2)(iv) through (a)(2)(vii) of this Item."

"(26) **Reserves**. Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

"*Note to paragraph (26)*: Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations)."

EXHIBIT F TO THE DISCLOSURE STATEMENT

FINANCIAL PROJECTIONS

New Gulf Resources

Cash Flow Projections

December 16th, 2015

Minimal Capital Plan Assumptions

Model Assumptions

- Drilling program reflects minimal drilling to:
  - Satisfy 1 of the 3 remaining wells required to release the related funds in escrow
- Development plan reflects 100% NGR working interest
- Does not consider Johnson Ranch joint venture
- Considers strip pricing as of 12/15/2015
- Leasehold costs assume all current leases are extended or renewed except in 2017
  - The Minimal Capital Plan assumes only 60% of the 2017 expiring acreage is renewed as roughly half of the acreage lies below the company's current gas-oil ratio line and may not be renewed
- Restructuring expenses include advisory and legal fees as well as administrative costs

Well Count and Cost Assumptions

Well Count	**Q4 2015**	**2016**	**2017**	**2018**
Johnson Ranch	1	3	2	3
Bedias VT	2	2	3	3
Bedias HZ	-	-	-	-
Total Well Count	**3**	**5**	**5**	**6**

D&C Capex	**Q4 2015**	**2016**	**2017**	**2018**
Developed Resources	$27	-	-	-
Johnson Ranch	$10,400	$17,000	$24,500	$15,000
Bedias VT	$3,000	$7,500	$8,000	$7,500
Bedias HZ	-	-	-	-
Total D&C Capex	**$13,427**	**$24,500**	**$32,500**	**$22,500**

Infrastructure Capex	**Q4 2015**	**2016**	**2017**	**2018**
Johnson Ranch	-	$4,500	$450	$200
Bedias VT	$3,000	$2,500	$450	$300
Bedias HZ	-	-	-	-
Total Infrastructure Capex	**$3,000**	**$7,000**	**$900**	**$500**

Leasehold Costs	**Q4 2015**	**2016**	**2017**	**2018**
Total Leasehold Costs	**$5,087**	**$8,788**	**$12,614**	**$2,106**

Corporate/Other Capital	$1,550	$1,900	-	-

Total Capex, Leasehold & Other Costs	**$23,064**	**$42,188**	**$46,014**	**$25,106**

NewGulf RESOURCES

Monthly Cash Flow December 2015 - June 2016

CF Summary							
($ in '000s, unless otherwise noted)	12/31/2015	1/31/2016	2/29/2016	3/31/2016	4/30/2016	5/31/2016	6/30/2016
Commodity Prices							
Oil ($/bbl)	40.4	37.4	38.5	39.6	40.4	41.1	41.7
Gas ($/mcf)	2.21	1.82	1.89	1.95	2.05	2.12	2.18
Sales Volumes - Developed							
Oil (mbbl)	67.2	61.3	64.3	59.4	59.0	55.0	54.9
Gas (mmcf)	125.8	110.1	158.6	138.9	132.4	119.5	116.3
NGL(mbbl)	23.2	20.3	29.2	25.6	24.4	22.0	21.5
Total (mboe)	111.4	100.0	119.9	108.2	105.4	96.9	95.7
Sales Volumes - Undeveloped							
Oil (mbbl)	2.8	2.4	6.3	18.4	15.0	12.5	25.8
Gas (mmcf)	6.1	5.2	13.7	43.6	35.8	30.1	66.0
NGL(mbbl)	0.7	0.6	1.7	6.5	5.2	4.3	11.0
Total (mboe)	4.6	3.9	10.2	32.1	26.2	21.8	47.8
Total Average Daily Production (mboe/d)	**3.8**	**3.4**	**4.3**	**4.6**	**4.3**	**3.9**	**4.7**
Revenue							
Oil	2,432	2,276	2,590	2,914	2,825	2,655	3,244
Gas	206	185	287	319	307	282	352
NGLs	208	188	284	305	287	259	326
Total Revenues	2,847	2,649	3,162	3,538	3,419	3,196	3,923
Operating Costs							
OpEx	(1,060)	(1,033)	(1,099)	(1,203)	(1,174)	(1,140)	(1,171)
Severance Tax	(143)	(133)	(162)	(181)	(174)	(163)	(200)
Ad Valorem and Other Property Tax	-	(1,200)	-	-	-	-	-
Total Costs	(1,203)	(2,366)	(1,261)	(1,384)	(1,348)	(1,303)	(1,371)
Operating Income	**1,644**	**283**	**1,900**	**2,154**	**2,071**	**1,893**	**2,552**
G&A	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Hedging Gains / (Losses)	1,060	1,230	-	-	-	-	-
EBITDA	**1,704**	**513**	**900**	**1,154**	**1,071**	**893**	**1,552**
CapEx	(9,400)	(2,900)	(3,000)	-	-	(8,500)	(3,000)
Leasehold	(610)	(1,900)	(1,227)	(1,534)	(434)	(1,011)	(200)
Infrastructure	(3,000)	(3,500)	(2,000)	-	-	(500)	(500)
Pipeline Connects	1,000	-	3,000	1,000	-	-	-
Legal Escrow	-	-	-	-	-	-	-
Unlevered Free Cash Flow	**(10,306)**	**(7,787)**	**(2,326)**	**621**	**637**	**(9,117)**	**(2,148)**
Total Restructuring Expenses	(1,425)	(1,425)	(1,425)	(1,425)	(1,425)	(8,925)	-
Interest Expense	(395)	(688)	(688)	(688)	(688)	(688)	-
Debt Principal Payments	-	-	-	-	-	(75,000)	-
New Money Raised	-	-	-	-	-	125,000	-
Levered Free Cash Flow	**(12,126)**	**(9,900)**	**(4,439)**	**(1,492)**	**(1,476)**	**31,270**	**(2,148)**

Liquidity							
($ in '000s, unless otherwise noted)	12/31/2015	1/31/2016	2/29/2016	3/31/2016	4/30/2016	5/31/2016	6/30/2016
Cash Balance	26,781.6	16,881.8	12,442.9	10,951.0	9,475.4	40,745.7	38,597.9
RBL Availability	-	-	-	-	-	-	-
Total Liquidity	**26,781.6**	**16,881.8**	**12,442.9**	**10,951.0**	**9,475.4**	**40,745.7**	**38,597.9**

Quarterly Cash Flow Q3 2016 – Q4 2018

CF Summary										
($ in '000s, unless otherwise noted)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Commodity Prices										
Oil ($/bbl)	42.8	44.3	45.5	46.5	47.5	48.5	49.3	50.0	50.8	51.6
Gas ($/mcf)	2.26	2.41	2.65	2.54	2.62	2.75	2.96	2.70	2.77	2.90
Sales Volumes - Developed										
Oil (mbbl)	153.1	140.9	127.0	122.8	115.6	109.5	100.9	99.7	95.4	91.3
Gas (mmcf)	311.7	274.7	240.0	226.6	209.0	195.1	177.4	173.4	164.3	155.5
NGL(mbbl)	57.6	50.8	44.4	42.0	38.7	36.2	32.9	32.2	30.5	28.9
Total (mboe)	262.6	237.5	211.4	202.6	189.2	178.1	163.3	160.7	153.3	146.1
Sales Volumes - Undeveloped										
Oil (mbbl)	69.0	74.0	85.6	99.5	104.8	94.5	119.2	133.0	113.8	134.1
Gas (mmcf)	172.5	192.1	221.4	255.1	273.3	248.0	313.6	348.0	302.2	358.1
NGL(mbbl)	26.8	31.3	35.8	40.3	44.0	39.2	50.6	55.4	47.6	57.6
Total (mboe)	124.5	137.3	158.3	182.4	194.4	175.0	222.1	246.5	211.8	251.5
Total Average Daily Production (mboe/d)	**4.2**	**4.1**	**4.1**	**4.2**	**4.2**	**3.9**	**4.2**	**4.5**	**4.0**	**4.4**
Revenue										
Oil	9,151	9,185	9,361	10,149	10,494	9,906	10,851	11,659	10,639	11,641
Gas	963	1,026	1,079	1,090	1,128	1,108	1,291	1,260	1,156	1,353
NGLs	869	940	1,064	1,129	1,183	1,098	1,236	1,317	1,192	1,341
Total Revenues	10,983	11,151	11,504	12,368	12,805	12,112	13,377	14,236	12,987	14,335
Operating Costs										
OpEx	(3,458)	(3,388)	(3,320)	(3,498)	(3,549)	(3,459)	(3,630)	(3,762)	(3,521)	(3,715)
Severance Tax	(558)	(578)	(653)	(656)	(638)	(705)	(666)	(689)	(740)	(609)
Ad Valorem and Other Property Tax	-	-	(767)	-	-	-	(987)	-	-	-
Total Costs	(4,016)	(3,966)	(4,740)	(4,154)	(4,187)	(4,164)	(5,283)	(4,451)	(4,261)	(4,324)
Operating Income	**6,967**	**7,185**	**6,764**	**8,215**	**8,617**	**7,948**	**8,095**	**9,785**	**8,726**	**10,011**
G&A	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Hedging Gains / (Losses)	-	-	-	-	-	-	-	-	-	-
EBITDA	**3,967**	**4,185**	**3,764**	**5,215**	**5,617**	**4,948**	**5,095**	**6,785**	**5,726**	**7,011**
CapEx	-	(8,500)	(14,000)	-	(10,500)	(8,000)	(5,000)	(7,500)	(10,000)	-
Leasehold	(2,509)	(474)	(1,896)	(5,602)	(4,791)	(325)	(79)	(107)	(1,921)	-
Infrastructure	-	(500)	(600)	-	(200)	(100)	(200)	(100)	(200)	-
Pipeline Connects	-	-	-	-	-	-	-	-	-	-
Legal Escrow	-	6,000	-	-	-	-	-	-	-	-
Unlevered Free Cash Flow	**1,458**	**711**	**(12,732)**	**(387)**	**(9,873)**	**(3,477)**	**(184)**	**(921)**	**(6,394)**	**7,011**
Total Restructuring Expenses	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-
Debt Principal Payments	-	-	-	-	-	-	-	-	-	-
New Money Raised	-	-	-	-	-	-	-	-	-	-
Levered Free Cash Flow	**1,458**	**711**	**(12,732)**	**(387)**	**(9,873)**	**(3,477)**	**(184)**	**(921)**	**(6,394)**	**7,011**
Liquidity										
($ in '000s, unless otherwise noted)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Cash Balance	40,056.2	40,775.6	28,104.6	27,740.1	17,849.2	14,455.9	14,248.4	13,287.0	6,967.2	13,849.4
RBL Availability	-	-	-	-	-	-	-	-	-	-
Total Liquidity	**40,056.2**	**40,775.6**	**28,104.6**	**27,740.1**	**17,849.2**	**14,455.9**	**14,248.4**	**13,287.0**	**6,967.2**	**13,849.4**

NewGulf RESOURCES

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EXHIBIT G TO THE DISCLOSURE STATEMENT

LIQUIDATION ANALYSIS

[To be filed at later date]

EXHIBIT H TO THE DISCLOSURE STATEMENT

VALUATION ANALYSIS

Enterprise Valuation of the Reorganized Debtors

As part of the agreement incorporated in the Plan of Reorganization ("Plan"), management requested that Barclays estimate the total enterprise value (the "Total Enterprise Value") of the Reorganized Debtors. The estimate of Total Enterprise Value was developed solely for the formulation and negotiation of the Plan including analyzing the implied recoveries to holders of claims thereunder. In estimating the Total Enterprise Value of the Reorganized Debtors, Barclays:

- met with the Debtors' senior management team to discuss the Debtors' operations and future Business prospects;
- reviewed the Debtors' historical financial information;
- reviewed certain of the Debtors' internal financial and operating data, including the Debtors' internal reserve and resource reports;
- reviewed the Debtors' Financial Projections;
- reviewed publicly available third party information including research reports regarding future crude oil, natural gas, and natural gas liquids pricing; and
- conducted such other studies, analyses, inquiries, and investigations as we deemed appropriate.

Barclays assumed that the Financial Projections, reserve and resources reports and other information prepared by the Debtors'
management were prepared both in good faith and on a reasonable basis and were based on management's most accurate currently available estimates and judgments as to the Debtors' future operating and financial performance. Furthermore, Barclays did not independently verify the Financial Projections or reserve and resource reports, and no independent valuations or appraisals of the Debtors were sought or obtained in connection herewith. The following is a summary of analyses performed by Barclays to arrive at its range of estimated Total Enterprise Value for the Reorganized Debtors. The valuation analysis herein is based on information as of the date of the Disclosure Statement. The estimated Total Enterprise Value of the Reorganized Debtors set forth herein does not constitute an opinion as to fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan. Barclays' estimates are based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date of the Disclosure Statement.

1. Net Asset Value

The net asset value ("NAV") analysis estimates the value of the business by calculating the sum of the present value of cash flows generated by the Debtors' proved, probable, possible reserves, and resources, risked by reserve and resource category and adjusted for other company-specific attributes. Future cash flows from the Debtors' reserve and resource reports were discounted using discount rate ranges based on category to estimate the aggregate present value of these cash flows (i.e., PDPs 6% – 8%, PUDs 8% - 10%, probable 10% - 12%, possible 12% - 14%, and resource 18% - 20%).These cash flows were then risk adjusted based on reserve and resource category using risk percentages consistent with industry practice (i.e., PDPs 100%, PUDs 90%, probable 75%, possible 50%, and resource 25%). The Total Enterprise Value of the firm was calculated by adjusting the aggregate risk adjusted cash flows for general & administrative costs and the value of other assets not reflected in the reserve and resource reports (e.g., hedges).

2. Comparable Company Analysis

The comparable company valuation analysis estimates the value of a company based on a relative comparison of other publicly traded companies with similar operating and financial characteristics.

Under this methodology, the total enterprise value for each selected public company was calculated by aggregating the value of the Debtors' equity securities observed in the public markets with the amount of outstanding net debt for such comparable company (at book value), including any minority interest. Barclays then used the total enterprise value to calculate multiples of various operating statistics, such as EBITDA, proved reserves, and production for each of the comparable companies. The Total Enterprise Value of the Reorganized Debtors is then calculated by applying these financial metrics to the Debtors' projected operational metrics. The selection of public comparable companies for this purpose was based upon the individual operational performance (mix of assets, business trends), financial performance (operating margins, profitability), reserves (oil vs. gas, classification, life, geographic location), capital structure (leverage, interest expense) and other characteristics that were deemed relevant.

4. Precedent Transactions Analysis

Precedent transactions analysis estimates the value of a company by examining public and private transactions on both an enterprise and asset level basis. Those enterprise values are commonly expressed as multiples of various measures of operating statistics, such as proved reserves, production, and acreage. Selected corporate E&P transactions between $100 million and $1 billion since 2005 and Eagle Ford and Woodbine asset transactions between $100 million and $1 billion since 2012 were considered in the analysis. Barclays focused on transactions that occurred when the WTI 12-month NYMEX strip price was less than $70 per bbl for better comparability to the current commodity price environment.

5. Prior Marketing Efforts

The Debtors, in early 2015, engaged third party investment banks other than Barclays to sell certain of the Debtors' assets. Preliminary indications of interest were received for certain of the assets, and based upon those indications, the Debtors did not pursue a sale and discussions with third parties were ultimately discontinued.

Based upon the above, Barclays' estimate of the Total Enterprise Value of the Reorganized Debtors is between $110million and $170million. Barclays' estimated Total Enterprise Value of the Reorganized Debtors is not a recommendation to any holder of claims, both allowed and proven, as to how such person should vote or otherwise act with respect to the Plan. Barclays has not been asked to and does not express any view as to what the trading value of the Debtors' securities would be when issued pursuant to the Plan or the prices at which they may trade in the future.

Barclays' estimate of Total Enterprise Value reflects the application of standard valuation techniques and does not purport to reflect or constitute appraisals, liquidation values, or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors, such as the volatility in oil and gas commodity prices, affecting the financial condition and prospects of such a business.

The estimated Total Enterprise Value range of the Debtors set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Neither the Debtors, nor Barclays, nor any other person assumes responsibility for any differences between the Total Enterprise Value range and such actual outcomes. Actual market prices of such securities at issuance will depend upon, among other things, the operating performance of the Debtors, current and forecasted commodity prices, prevailing interest rates, conditions in the financial markets, the anticipated holding period of securities received by prepetition creditors (some of whom may prefer to liquidate their

investment rather than hold it on a long-term basis), developments in the Debtors' industry and economic conditions generally, and other factors which generally influence the prices of securities.

EXHIBIT I TO THE DISCLOSURE STATEMENT

BACKSTOP NOTE PURCHASE AGREEMENT

EXECUTION VERSION

BACKSTOP NOTE PURCHASE AGREEMENT

AMONG

NEW GULF RESOURCES, LLC,

NGR HOLDING COMPANY LLC,

ITS DIRECT AND INDIRECT SUBSIDIARIES

AND

THE BACKSTOP PARTIES HERETO

Dated as of December 17, 2015

TABLE OF CONTENTS

Schedules

Exhibits

THIS BACKSTOP NOTE PURCHASE AGREEMENT (as amended, supplemented or otherwise modified from time to time, together with any schedules, exhibits and annexes hereto, this "Agreement") is entered into as of December 17, 2015, by and among (a) New Gulf Resources, LLC, a Delaware limited liability company (as in existence on the date hereof, as a debtor-in-possession in the Chapter 11 Cases (as defined below) and as a reorganized debtor, as applicable, the "Company"), (b) NGR Holding Company LLC, a Delaware limited liability company and the parent entity of the Company (as in existence on the date hereof, as a debtor-in-possession in the Chapter 11 Cases and as a reorganized debtor, as applicable, "Parent"), (c) each of the direct and indirect Subsidiaries of Parent (such Subsidiaries, each as in existence on the date hereof, as a debtor-in-possession in the Chapter 11 Cases and as a reorganized debtor, as applicable, together with the Company and Parent, each a "Debtor" and, collectively, the "Debtors"), and (d) each of the undersigned entities and/or their investment advisors, managers, managed funds or accounts, intermediaries or nominees set forth on Schedule 1 hereto (each, a "Backstop Party" and, collectively, the "Backstop Parties"). Capitalized terms used in this Agreement are defined in Section 13.1 hereof.

RECITALS

WHEREAS, the Debtors intend to restructure pursuant to a plan of reorganization in the form attached hereto as Exhibit A (as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof and the terms of this Agreement and the Restructuring Support Agreement, together with the Plan Supplement, the "Plan") which will be filed by the Debtors in connection with contemplated voluntary filings (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court");

WHEREAS, pursuant to (and subject to the terms and conditions set forth in) the Plan, the Company will conduct a rights offering, on the terms set forth in the Plan and this Agreement (the "Rights Offering"), by distributing to each holder of an Allowed Second Lien Notes Claim as of the Rights Offering Record Date (such members, the "Rights Offering Participants"), non-transferable, non-certificated rights (the "Rights") to purchase such Rights Offering Participant's Pro Rata share of New First Lien Notes (the "Rights Offering Notes");

WHEREAS, the amount of the Rights Offering shall be an amount equal to $50,000,000 (the "Rights Offering Amount"); and

WHEREAS, in order to facilitate the Rights Offering, pursuant to this Agreement, and subject to the terms, conditions and limitations set forth herein, each of the Backstop Parties, severally and not jointly, has agreed to (a) purchase such Backstop Party's Primary Notes in connection with the Rights Offering and (b) provide the Debtors with the right to require such Backstop Party to purchase, and each Backstop Party has agreed to purchase from the Debtors, on the Effective Date, such Backstop Party's Backstop Commitment Percentage of the Rights Offering Notes that have not been subscribed for by the Rights Offering Participants by the Rights Offering Termination Date (the "Unsubscribed Notes");

NOW, THEREFORE, in consideration of the foregoing, and the representations, warranties and covenants set forth herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Debtors and the Backstop Parties agree as follows:

1. **Rights Offering and Backstop.**

1.1 **The Rights Offering.**

(a) The Company will commence the Rights Offering contemporaneously with, and as part of, the solicitation process for the Plan. The Rights Offering shall be conducted by the Company and consummated on the terms, subject to the conditions and in accordance with the procedures set forth in Exhibit B hereto (the "Rights Offering Procedures") and otherwise on the applicable terms and conditions set forth in this Agreement, the Plan and the Restructuring Support Agreement.

(b) On the terms, subject to the conditions and limitations, and in reliance on the representations and warranties set forth in this Agreement, each of the Backstop Parties hereby agrees, severally and not jointly, to exercise in full all Rights distributed to such Backstop Party in the Rights Offering and purchase such Backstop Party's Primary Notes on the terms set forth in this Agreement, the Restructuring Support Agreement and the Rights Offering Procedures. The Primary Commitments of the Backstop Parties are several, not joint, obligations of the Backstop Parties, such that no Backstop Party shall be liable or otherwise responsible for the Primary Commitment of any other Backstop Party.

(c) The Company hereby agrees and undertakes to deliver to each of the Backstop Parties, by facsimile or e-mail, a certification by an officer of the Company (the "Backstop Certificate") of (i) the aggregate principal amount of Primary Notes to be issued and sold by the Company to such Backstop Party and the aggregate Purchase Price therefor, and (ii) either (A) if there are Unsubscribed Notes, a true and accurate calculation of the aggregate principal amount of Unsubscribed Notes, or (B) if there are no Unsubscribed Notes, the fact that there are no Unsubscribed Notes, it being understood that the Backstop Commitments to purchase Unsubscribed Notes shall be terminated at the Closing. The Backstop Certificate shall be delivered by the Company to each of the Backstop Parties as soon as practicable after the Rights Offering Termination Date and, in any event, at least seven (7) Business Days prior to the anticipated Effective Date (the date that the Backstop Certificate is delivered by the Company to each of the Backstop Parties, the "Determination Date").

1.2 **Backstop Commitment.**

(a) On the terms, subject to the conditions (including, without limitation, the entry of the Backstop Agreement Order by the Bankruptcy Court and the Backstop Agreement Order becoming a Final Order) and limitations, and in reliance on the representations and warranties set forth in this Agreement, each of the Backstop Parties hereby agrees, severally and not jointly, to give the Company the right to require such Backstop Party, and each Backstop Party has agreed, to purchase from the Company, on the Effective Date, at the aggregate Purchase Price therefor, its Backstop Commitment Percentage of all Unsubscribed Notes as of the Rights Offering Termination Date; provided, however, that no Backstop Party shall be

required to purchase Unsubscribed Notes pursuant to this Section 1.2(a) in an aggregate principal amount that exceeds the Backstop Commitment Amount of such Backstop Party. The Backstop Commitments of the Backstop Parties are several, not joint, obligations of the Backstop Parties, such that no Backstop Party shall be liable or otherwise responsible for the Backstop Commitment of any other Backstop Party. The Unsubscribed Notes that each of the Backstop Parties is required to purchase pursuant to this Section 1.2(a) are referred to herein as such Backstop Party's "Backstop Commitment Notes".

(b) At least three (3) Business Days prior to the anticipated Effective Date (the "Deposit Deadline"), each Backstop Party shall, severally and not jointly, deposit into an escrow account (the "Escrow Account") with a bank or trust company approved by the Company and the Requisite Backstop Parties (the "Escrow Agent"), by wire transfer of immediately available funds, an amount equal to the aggregate Purchase Price for such Backstop Party's Primary Notes and such Backstop Party's Backstop Commitment Notes (such Backstop Party's "Aggregate Purchase Price") pursuant to an escrow agreement, in form and substance reasonably satisfactory to the Requisite Backstop Parties and the Company (the "Escrow Agreement").

(c) In the event that a Backstop Party defaults (a "Funding Default") on its obligation to deposit its Aggregate Purchase Price in the Escrow Account by the Deposit Deadline pursuant to Section 1.2(b) hereof (each such Backstop Party, a "Defaulting Backstop Party"), then each Backstop Party that is not a Defaulting Backstop Party (each, a "Non-Defaulting Backstop Party") shall have the right (the "Default Purchase Right"), but not the obligation, to elect to commit to purchase from the Debtors, at the aggregate Purchase Price therefor, up to such Non-Defaulting Backstop Party's Adjusted Commitment Percentage of (i) all Primary Notes required to be purchased by the Defaulting Backstop Party pursuant to Section 1.1(b) and (ii) all Backstop Commitment Notes required to be purchased by the Defaulting Backstop Party pursuant to Section 1.2(a) but (in either case) with respect to which such Defaulting Backstop Party did not make the required deposit in accordance with Section 1.2(b). Within one (1) Business Day after a Funding Default, the Company shall send a written notice to each Non-Defaulting Backstop Party, specifying (x) the aggregate principal amount of Primary Notes and Backstop Commitment Notes subject to such Funding Default (collectively, the "Default Notes") and (y) the maximum principal amount of Default Notes such Non-Defaulting Backstop Party may elect to commit to purchase (determined in accordance with the first sentence of this Section 1.2(c)). Each Non-Defaulting Backstop Party will have three (3) Business Days after receipt of such notice to elect to exercise its Default Purchase Right by notifying the Company in writing of its election and specifying the maximum principal amount of Default Notes that it is committing to purchase (up to the maximum principal amount of Default Notes such Non-Defaulting Backstop Party is permitted to commit to purchase pursuant to the first sentence of this Section 1.2(c)). If any Non-Defaulting Backstop Party elects to commit to purchase less than the maximum principal amount of Default Notes such Non-Defaulting Backstop Party is permitted to commit to purchase pursuant to the first sentence of this Section 1.2(c) or if any Non-Defaulting Backstop Party does not elect to commit to purchase any Default Notes within the 3-Business Day period referred to in the immediately preceding sentence, then the principal amount of Default Notes that such Non-Defaulting Backstop Party does not commit to purchase shall be allocated among all of the Non-Defaulting Backstop Parties who (in addition to exercising in full their respective Default Purchase Rights) elect to commit to purchase such principal amount of Default Notes on a *pro rata* basis based on the respective

Adjusted Commitment Percentages of such Non-Defaulting Backstop Parties (such allocation and commitment to purchase to be made by utilizing the same procedures set forth in the two immediately preceding sentences). If Non-Defaulting Backstop Parties elect to commit to purchase all (but not less than all) Default Notes in accordance with this Section 1.2(c), each Non-Defaulting Backstop Party that has elected to commit to purchase Default Notes hereby agrees, severally and not jointly, to deposit into the Escrow Account pursuant to the Escrow Agreement, by wire transfer of immediately available funds, an amount equal to the aggregate Purchase Price for such Default Notes no later than one (1) Business Day after the day that the Company has notified the Non-Defaulting Backstop Parties that Non-Defaulting Backstop Parties have elected to commit to purchase all (but not less than all) Default Notes. If Non-Defaulting Backstop Parties do not elect to commit to purchase all Default Notes in accordance with this Section 1.2(c), then no Non-Defaulting Backstop Party shall be required to deposit in the Escrow Account any portion of the Purchase Price for the Default Notes which such Non-Defaulting Backstop Party may have elected to commit to purchase pursuant to this Section 1.2(c) unless otherwise agreed to in writing by the Requisite Backstop Parties and then only on the terms agreed in writing by the Requisite Backstop Parties. The Default Notes with respect to which each Backstop Party is required to deposit funds into the Escrow Account pursuant to this Section 1.2(c), if any, together with such Backstop Party's Primary Notes, Backstop Commitment Notes and Put Option Notes, shall be referred to as such Backstop Party's "Backstop Notes".

1.3 **Closing.**

(a) The closing of the purchase and sale of Primary Notes and, if applicable, Backstop Commitment Notes and Default Notes hereunder (the "Closing") will occur at 10:00 a.m., New York City time, on the Effective Date. At the Closing, (i) the Company and the Requisite Backstop Parties shall execute and deliver to the Escrow Agent a joint written instruction directing the Escrow Agent to distribute the funds held in the Escrow Account to the Company in accordance with the terms of the Escrow Agreement by wire transfer of immediately available funds to an account designated by the Company pursuant to wire instructions previously provided by the Company to the Escrow Agent no less than two (2) Business Days prior to the anticipated Effective Date, and (ii) each of the Debtors (as applicable) shall deliver to each Backstop Party (A) the Backstop Notes to be issued to such Backstop Party by the Company pursuant to this Agreement, duly authenticated by the indenture trustee under the New Indenture, and (B) such certificates, counterparts to agreements, documents or instruments required to be delivered by such Debtor to such Backstop Party pursuant to Section 6.1 hereof. Subject to Section 4.9, the Backstop Notes shall be registered in the name of Cede & Co., as a nominee of the Depository Trust Company ("DTC"), and be evidenced by global securities held on behalf of members or participants in DTC as nominees for the Backstop Parties. The agreements, instruments, certificates and other documents to be delivered on the Effective Date by or on behalf of the Debtors will be delivered to the Backstop Parties at the offices of Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038.

(b) Anything in this Agreement to the contrary notwithstanding (but without limiting the provisions of Section 12.1 hereof), any Backstop Party, in its sole discretion, may designate that some or all of the Backstop Notes be issued in the name of, and delivered to, one or more of its Affiliates or Related Funds that (in any such case) is an Accredited Investor.

1.4 **Put Option Notes**. The Debtors and the Backstop Parties hereby acknowledge that, in consideration for the Company's right to call the Backstop Commitments of the Backstop Parties to purchase the Unsubscribed Notes pursuant to the terms of this Agreement, the Company shall be required to issue to the Backstop Parties (or their designees) an additional amount of New First Lien Notes (to be issued as part of, and for a proportionate part of the consideration paid with respect to, each Backstop Party's purchase of Backstop Commitment Notes and Primary Notes) in an aggregate principal amount equal to $5,000,000 (the "Put Option Notes") on a *pro rata* basis based upon their respective Backstop Commitment Percentages; provided, however, no Defaulting Backstop Party shall be entitled to receive any Put Option Notes and any Non-Defaulting Backstop Party that purchases Default Notes shall be entitled to receive additional Put Option Notes in an aggregate principal amount equal to the product of (a) the aggregate principal amount of Put Option Notes that would have been issued to the applicable Defaulting Backstop Party if such Defaulting Backstop Party had not committed a Funding Default and (b) a fraction, the numerator of which is the aggregate principal amount of Default Notes which such Non-Defaulting Backstop Party purchases and the denominator of which is the aggregate principal amount of Default Notes of such Defaulting Backstop Party. The Debtors hereby further acknowledge and agree that (i) the Put Option Notes shall be fully earned as of the Execution Date (but to be issued only upon Closing), (ii) the Put Option Notes shall not be refundable under any circumstance or creditable against any other amount paid or to be paid in connection with this Agreement or any of the Contemplated Transactions or otherwise, (iii) shall be issued without setoff or recoupment and shall not be subject to defense or offset on account of any claim, defense or counterclaim, (iv) shall be issued free and clear of and without deduction for any and all applicable taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, and (v) agree to treat the Put Option Notes for U.S. federal income tax purposes as a premium for an option to put the Backstop Commitment Notes to the Backstop Parties.

1.5 **Transaction Expenses.** Whether or not the transactions contemplated by this Agreement or any of the other Contemplated Transactions are consummated, the Debtors hereby agree to reimburse or pay, as the case may be, the Transaction Expenses as follows: (a) all accrued and unpaid Transaction Expenses incurred up to (and including) the date of this Agreement (the "Execution Date") (such Transaction Expenses, the "Initial Transaction Expenses") shall be paid in full on the Execution Date, (b) after the Petition Date, all accrued and unpaid Transaction Expenses incurred up to (and including) the date of entry by the Bankruptcy Court of the Backstop Agreement Order shall be paid in full on the date of entry by the Bankruptcy Court of the Backstop Agreement Order, without Bankruptcy Court review or further Bankruptcy Court order, (c) after the date of entry by the Bankruptcy Court of the Backstop Agreement Order, all accrued and unpaid Transaction Expenses shall be paid on a regular and continuing basis promptly (but in any event within five (5) Business Days) after invoices are presented to the Debtors, without Bankruptcy Court review or further Bankruptcy Court order, (d) on the Effective Date, all accrued and unpaid Transaction Expenses incurred up to (and including) the Effective Date shall be paid on the Effective Date, without Bankruptcy Court review or further Bankruptcy Court order and (e) if applicable, upon termination of this Agreement, all accrued and unpaid Transaction Expenses incurred up to (and including) the date of such termination shall be paid in full promptly (but in any event within five (5) Business Days) after invoices are presented to the Debtors, without Bankruptcy Court review or further Bankruptcy Court order; provided, however, that the payment of the Transaction Expenses under

the circumstances set forth in clauses (b), (c), (d) and (after the Petition Date) (e) above shall be subject to the terms of the Backstop Agreement Order. All Transaction Expenses of a Backstop Party shall be paid to such Backstop Party (or its designee) by wire transfer of immediately available funds to the account(s) specified by such Backstop Party. The Transaction Expenses shall constitute allowed administrative expenses against the Debtors' estates under the Bankruptcy Code. The terms set forth in this Section 1.5 shall survive termination of this Agreement and shall remain in full force and effect regardless of whether the transactions contemplated by this Agreement or any of the other Contemplated Transactions are consummated. The obligations set forth in this Section 1.5 are in addition to, and do not limit, the Debtors' obligations under Sections 1.4, 1.6 and 8 hereof.

1.6 **Liquidated Damages Payment**. The Debtors hereby acknowledge and agree that the Backstop Parties have expended, and will continue to expend, considerable time, effort and expense in connection with this Agreement and the negotiation hereof, and that this Agreement provides value to, is beneficial to, and is necessary to preserve, the Debtors' estates. Accordingly, the Debtors agree to pay to the Non-Defaulting Backstop Parties a cash payment in the aggregate amount of $3,500,000 (the "Liquidated Damages Payment") on a *pro rata* basis (based on their respective Adjusted Commitment Percentages) by wire transfer of immediately available funds to the accounts designated by the Non-Defaulting Backstop Parties if this Agreement is terminated as follows:

(a) if this Agreement shall be terminated (i) pursuant to Section 7(a)(ii) hereof as a result of the Restructuring Support Agreement being terminated pursuant to Section 15(c)(i), Section 15(d)(xviii)(A), Section 15(d)(xviii)(B) or Section 15(d)(xviii)(C) of the Restructuring Support Agreement, or (ii) pursuant to Section 7(c)(vi) hereof, then, in any such case referred to in this clause (a), the Debtors shall pay the Liquidated Damages Payment on the date of the consummation of any Alternative Transaction; or

(b) if (i) this Agreement shall be terminated (x) pursuant to Section 7(a)(i) or Section 7(b) hereof (other than Section 7(b)(iv) hereof), (y) pursuant to Section 7(a)(ii) hereof as a result of the Restructuring Support Agreement being terminated pursuant to Section 15(b)(iii) or Section 15(d) of the Restructuring Support Agreement (other than Section 15(d)(xviii)(A), Section 15(d)(xviii)(B) or Section 15(d)(xviii)(C) of the Restructuring Support Agreement), or (z) pursuant to Section 7(c) hereof (other than Section 7(c)(vi) and Section 7(c)(viii) hereof), and (ii) within twelve (12) months after the date of termination of this Agreement any of the Debtors enters into an agreement (including, without limitation, any agreement in principle, letter of intent, memorandum of understanding or definitive agreement) with respect to, or consummates, any Alternative Transaction, then the Debtors shall pay the Liquidated Damages Payment (to the extent not previously paid) on the date of the consummation of any Alternative Transaction.

The Liquidated Damages Payment, if any, shall be paid (A) without setoff or recoupment and shall not be subject to defense or offset on account of any claim, defense or counterclaim and (B) free and clear of and without deduction for any and all applicable taxes, levies, imposts, deductions, charges or withholdings, other than taxes required to be withheld under applicable Law, and all liabilities with respect thereto. The terms set forth in this Section 1.6 shall survive termination of this Agreement and shall remain in full force and effect regardless of whether the transactions contemplated by this Agreement or any of the other Contemplated Transactions are

consummated. The parties acknowledge that the agreements contained in this Section 1.6 are an integral part of the transactions contemplated by this Agreement, are actually necessary to preserve the value of the Debtors' estates and constitute liquidated damages and not a penalty, and that, without these agreements, the Backstop Parties would not have entered into this Agreement. The Liquidated Damages Payment shall be payable without Bankruptcy Court review or further Bankruptcy Court order. The Liquidated Damages Payment shall constitute an allowed administrative expense against the Debtors' estates under the Bankruptcy Code. The obligations set forth in this Section 1.6 are in addition to, and do not limit, the Debtors' obligations under Sections 1.4, 1.5 and 8 hereof. For the avoidance of doubt, under no circumstances shall both the Put Option Notes and the Liquidated Damages Payment be issuable or payable hereunder.

1.7 **Interest; Costs and Expenses.** Any amounts required to be paid by the Debtors pursuant to Section 1.5 hereof or Section 1.6 hereof, if not paid on or before the date on which such amounts are required to be paid in accordance with the terms of any such Section (the "Interest Commencement Date"), shall include interest on such amount from the Interest Commencement Date to the day such amount is paid, computed at an annual rate equal to the rate of interest which is identified as the "Prime Rate" and normally published in the Money Rates Section of The Wall Street Journal during such period. In addition, the Debtors shall pay all reasonable and documented out-of-pocket costs and expenses (including legal fees and expenses) incurred by the Backstop Parties in connection with any action or proceeding (including the filing of any lawsuit or the assertion in the Chapter 11 Cases of a request for reimbursement) taken by any of them to collect such unpaid amounts (including any interest accrued on such amounts under this Section 1.7). Amounts required to be paid by the Debtors pursuant to this Section 1.7 (a) shall be paid without setoff or recoupment and shall not be subject to defense or offset on account of any claim, defense or counterclaim and (b) shall be paid free and clear of and without deduction for any and all applicable taxes, levies, imposts, deductions, charges or withholdings, other than taxes required to be withheld under applicable Law, and all liabilities with respect thereto. Amounts required to be paid by the Debtors pursuant to this Section 1.7 shall constitute allowed administrative expenses against the Debtors' estates under the Bankruptcy Code. The obligations of the Debtors under this Section 1.7 shall survive any termination or expiration of this Agreement.

1.8 **Original Issue Discount**. The Company and each Backstop Party hereby agree, except as otherwise required by applicable Law, (a) to treat the Backstop Notes as debt for U.S. federal income tax purposes, (b) to treat the Backstop Notes as a single debt issuance with original issue discount ("OID"), and as a debt instrument described in Treasury Regulations Section 1.1272-1(c)(5) (which therefore is governed by the rules set out in Treasury Regulations Section 1.1272-1(c), and not by the rules set out in Treasury Regulations Section 1.1275-4), (c) that any calculation by the Company or its agents regarding the amount of OID for any accrual period on the Backstop Notes shall be as set forth by the Company or its agents in accordance with applicable U.S. tax law, Treasury Regulation, and other applicable guidance, and will be available, after preparation, to such Backstop Party with respect to the Backstop Notes held by such Backstop Party, for any accrual period in which such Backstop Party held such Backstop Notes, promptly upon request, and (d) to adhere to this Agreement for U.S. federal income tax purposes with respect to such Backstop Party for so long as such Backstop Party holds Backstop Notes and not to take any action or file any tax return, report or declaration inconsistent herewith

(including, with respect to the amount of OID on the Backstop Notes). This Section 1.8 is not an admission by any Backstop Party that it is subject to United States taxation.

2. **Representations and Warranties of the Debtors.** Except as set forth in (i) the Exhibit Disclosure Statement (excluding any risk factor disclosure and disclosure of risks included in any "forward-looking statements" disclaimer or other statements included in the Exhibit Disclosure Statement that are predictive, forward-looking, non-specific or primarily cautionary in nature, and only to the extent that the relevance of a disclosure or statement in the Exhibit Disclosure Statement to a representation or warranty in this Section 2 is reasonably apparent on the face of such disclosure or statement that it is responsive to the subject matter of such representation and warranty (provided that no information shall be deemed disclosed for purposes of any of the Fundamental Representations unless specifically set forth in the section of the Debtor Disclosure Schedule relating to such applicable Fundamental Representation)) and (ii) the disclosure schedule delivered by the Company to the Backstop Parties on the Execution Date (the "Debtor Disclosure Schedule") (provided that disclosure made in one section of the Debtor Disclosure Schedule of any facts or circumstances shall be deemed adequate disclosure of such facts or circumstances with respect to all other representations or warranties of the Debtors if it is reasonably apparent on the face of such disclosure that it is responsive to the subject matter of such representations and warranties; provided, however, that no information shall be deemed disclosed for purposes of any of the Fundamental Representations unless specifically set forth in the section of the Debtor Disclosure Schedule relating to such applicable Fundamental Representation)), the Debtors hereby, jointly and severally, represent and warrant to the Backstop Parties as set forth in this Section 2. Except for representations and warranties that are expressly limited as to a particular date, each representation and warranty of the Debtors is made as of the Execution Date and as of the Effective Date:

2.1 **Organization of the Debtors.** Each Debtor is a corporation or limited liability company (as the case may be) duly organized or formed (as applicable), validly existing and in good standing under the Laws of the State of Delaware, and has full corporate or limited liability company (as applicable) power and authority to conduct its business as it is now conducted. Each Debtor is duly qualified or registered to do business as a foreign corporation or limited liability company (as the case may be) and is in good standing under the Laws of each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification or registration, except where the failure to be so qualified or registered would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

2.2 **Organization and Capitalization of the Subsidiaries.**

(a) Schedule 2.2(a) hereto sets forth the name and jurisdiction of incorporation or organization (as applicable) of each Subsidiary of Parent. Except as set forth on Schedule 2.2(a) hereto, Parent or one or more of its Subsidiaries, as the case may be, beneficially owns all of the outstanding shares of capital stock or other equity interests (or any securities convertible into, or exercisable or exchangeable for, any such capital stock or other equity interests) of each of the Subsidiaries of Parent. Except for the Parent's Subsidiaries, Parent does not own or hold any direct or indirect equity, profits or ownership interest of any corporation, partnership, limited liability company or other Person or business. Except as described on

Schedule 2.2(a) hereto, neither Parent nor any of its Subsidiaries has any Contract to directly or indirectly acquire any direct or indirect equity, profits or ownership interest in any Person or business.

(b) All of the outstanding shares of capital stock or other equity interests (or any securities convertible into, or exercisable or exchangeable for, any such capital stock or other equity interests) of each Subsidiary of Parent have been duly authorized and validly issued and are fully paid and nonassessable, and Parent has good and marketable title to such shares of capital stock or other equity interests (or securities convertible into, or exercisable or exchangeable for, any such capital stock or other equity interests), free and clear of all Encumbrances. There are, and there will be on the Effective Date, no options, warrants, securities or rights that are or may become exercisable or exchangeable for, convertible into, or that otherwise give any Person any right to acquire shares of capital stock or other securities of any Subsidiary of Parent or to receive payments based in whole or in part upon the value of the capital stock of any Subsidiary of Parent, whether pursuant to a phantom stock plan or otherwise. There are no Contracts relating to the issuance, grant, sale or transfer of any shares of capital stock, profits interests, equity securities, options, warrants, convertible securities or other securities of any Subsidiary of Parent. There are, and there will be on the Effective Date, no outstanding Contracts of Parent or any Subsidiary of Parent to repurchase, redeem or otherwise acquire any shares of capital stock, profits interests, equity securities, options, warrants, convertible securities or other securities of any Subsidiary of Parent, and no Subsidiary of Parent has granted any registration rights with respect to any of its securities.

2.3 **Authority; No Conflict.**

(a) Each Debtor (i) has the requisite corporate or limited liability company (as applicable) power and authority (A) to enter into, execute and deliver this Agreement and the other Definitive Documents to which it is (or will be) a party, and to enter into, execute and file with the Bankruptcy Court the Plan and (B) subject to the entry by the Bankruptcy Court of the Backstop Agreement Order and the Confirmation Order, to perform and consummate the Contemplated Transactions, and (ii) has taken all necessary corporate or limited liability company (as applicable) action required for (x) the due authorization, execution and delivery of this Agreement and the other Definitive Documents to which it is (or will be) a party, (y) the due authorization, execution and filing with the Bankruptcy Court of the Plan and (z) the performance and consummation of the Contemplated Transactions. This Agreement has been (or, in the case of each Definitive Document to be entered into by a Debtor at or prior to the Closing, will be) duly executed and delivered by each Debtor (or, in the case of a Definitive Document, the Debtor party thereto). This Agreement constitutes (or, in the case of each Definitive Document to be entered into by a Debtor after the Petition Date and at or prior to the Closing, subject to the entry of the Confirmation Order, will constitute) the legal, valid and binding obligation of each Debtor (or, in the case of a Definitive Document, the Debtor party thereto), enforceable against such Debtor in accordance with its terms. Subject to entry of the Confirmation Order and the expiration or waiver by the Bankruptcy Court of the fourteen (14)-day period set forth in Bankruptcy Rules 6004(h) and 3020(e), the Plan constitutes the legal, valid and binding obligation of each Debtor, enforceable against such Debtor in accordance with its terms.

(b) Neither the execution and delivery by the Debtors of this Agreement or any of the other Definitive Documents, the execution or filing with the Bankruptcy Court by the Debtors of the Plan nor the performance or consummation by the Debtors of any of the Contemplated Transactions will, directly or indirectly (with or without notice or lapse of time or both):

(i) contravene, conflict with or result in a violation or breach of any provision of the Organizational Documents of any Debtor;

(ii) contravene, conflict with or result in a violation of any Law or Order to which any Debtor, or any of the properties, assets, rights or interests owned or used by any Debtor, are bound or may be subject;

(iii) contravene, conflict with or result in a violation or breach of any provision of, or give rise to any right of termination, acceleration or cancellation under, any Contract to which any Debtor is a party or which any Debtor's properties, assets, rights or interests are bound or may be subject; or

(iv) result in the imposition or creation of any Encumbrance upon or with respect to any of the assets, properties, rights or interests owned or used by any Debtor that will not be released and discharged pursuant to the Plan;

except, in the case of clauses (ii) and (iii) above, where such occurrence, event or result (x) would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole, or (y) arises solely as a result of the filing of the Chapter 11 Cases.

(c) Subject to the Approvals, none of the Debtors will be 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 or any other Definitive Document, or the execution and filing with the Bankruptcy Court of the Plan, or the performance or consummation of any of the Contemplated Transactions.

2.4 **Proceedings.** Except as set forth on Schedule 2.4 hereto, there are no pending, outstanding or, to the Knowledge of the Debtors, threatened Proceedings to which any Debtor is a party or to which any properties, assets, rights or interests of any of them are bound or subject, except for (a) following the Petition Date, claims of creditors or parties in interest in the Chapter 11 Cases and (b) Proceedings that if adversely determined to such Debtor would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole.

2.5 **Brokers or Finders.** Except as set forth on Schedule 2.5 hereto, no Debtor has 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, any of the other Definitive Documents, the Plan or any of the Contemplated Transactions.

2.6 **Exemption from Registration.** Assuming the accuracy of the Backstop Parties' representations set forth in Section 3 hereof and assuming the accuracy of all of the

representations, warranties and certifications made by all of the Rights Offering Participants in their respective Rights Offering Election Forms, each of the Specified Issuances will be exempt from the registration and prospectus delivery requirements of the Securities Act.

2.7 **Issuance.**

(a) The Backstop Notes issued and delivered to the Backstop Parties pursuant to this Agreement will be free and clear of all taxes, liens, Encumbrances (other than transfer restrictions imposed under applicable securities Laws), pre-emptive rights, rights of first refusal, subscription and similar rights.

(b) Upon the issuance and delivery of the New First Lien Notes in accordance with this Agreement and the New Indenture, the New First Lien Notes will be convertible at the option of the holder thereof into New Common Units in accordance with the terms of the New First Lien Notes and the New Indenture, and such New Common Units have been duly authorized and reserved and, when issued and delivered upon conversion of the New First Lien Notes in accordance with the terms thereof and the New Indenture, will be validly issued, fully paid and non-assessable, and will be free and clear of all taxes, liens, Encumbrances (other than transfer restrictions imposed under applicable securities Laws), pre-emptive rights, rights of first refusal, subscription and similar rights.

2.8 **No Violation or Default**. No Debtor is in violation of its Organizational Documents. Except as set forth on Schedule 2.8 hereto, no Debtor is: (a) except for any defaults arising as a result of the Chapter 11 Cases, in default, and no event has occurred that, with notice or lapse of time or both, would constitute a default, under any Material Contract to which such Debtor is a party or by which such Debtor or any of the properties, assets, rights or interests of such Debtor is bound or subject; or (b) in violation of any Law or Order, except, in the case of clauses (a) and (b) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole.

2.9 **Intellectual Property.**

(a) The Debtors own or possess adequate rights to use all patents, inventions and discoveries (whether patentable or not), trademarks, service marks, trade names, trade dress, internet domain names, copyrights, published and unpublished works of authorship (including software), and all registrations, recordations and applications of the foregoing and know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and licenses related to any of the foregoing ("IP Rights") owned by or used in the conduct of the businesses or operations of any Debtor ("Debtor IP Rights"), except where the failure to own or possess such rights to (or have licenses related to) any such IP Rights would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole. The conduct of the businesses and operations of each Debtor does not and will not infringe or misappropriate any IP Rights of any third party, and each Debtor has not received any written notice of any claim of infringement or misappropriation of any IP Rights of others. None of the Debtor IP Rights owned by any Debtor have been adjudged invalid or unenforceable. The Debtors have maintained all registered

patents, trademarks and copyrights in full force and effect and used commercially reasonable efforts to protect all trade secrets. To the Knowledge of the Debtors, no third party has infringed or misappropriated any Debtor IP Rights. Schedule 2.9 hereto contains a complete and true list of all issued patents, registered trademarks, registered copyrights or applications for the foregoing in any jurisdiction that are a part of the Debtor IP Rights.

(b) Each Debtor owns or possesses adequate rights to use all computer systems (including hardware, software databases, firmware and related equipment), communications systems, and networking systems, (the "IT Systems") used by each Debtor in connection with the operation of its businesses or operations (the "Debtor IT Systems"). The Debtor IT Systems are adequate in all material respects for their intended use in the operation of the Debtors' businesses and operations, taken as a whole, as such businesses and operations are currently conducted. There has not been any material malfunction with respect to any of the Debtor IT Systems that has caused material disruption to any of the Debtors' businesses and operations, taken as a whole, since the date of the Halcon Purchase Agreement that has not been remedied or replaced in all material respects.

(c) Each Debtor has complied at all times in all material respects with applicable Laws regarding the collection, retention, use and protection of personal information. No Person (including any Governmental Body) has made any claim or commenced any action relating to any Debtor's business privacy or data security practices, including with respect to the access, disclosure or use of personal information maintained by or on behalf of any of such business or, to the Knowledge of the Debtors, threatened any such claim or action or conducted any investigation or inquiry thereof. To the Knowledge of the Debtors, the Debtors' businesses and operations, taken as a whole, have not, since the date of the Halcon Purchase Agreement, experienced any loss, damage, or unauthorized access, disclosure, use or breach of security of any personal information in any Debtor's possession, custody or control, or otherwise held or processed on its behalf.

2.10 **Licenses and Permits**. Each Debtor possesses or has obtained all Governmental Authorizations from, have made all declarations and filings with, and have given all notices to, the appropriate Governmental Bodies that are necessary or required for the ownership or lease of its properties, assets, rights or interests, or the conduct or operation of its businesses or operations, including those with respect to the Oil and Gas Assets, except where the failure to possess, obtain, make or give any of the foregoing would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole. No Debtor has received notice of any revocation, suspension or modification of any such Governmental Authorization, or has any reason to believe that any such Governmental Authorization will be revoked or suspended, or will not be renewed in the ordinary course, or that any such renewal will be materially impeded, delayed, hindered, conditioned or burdensome to obtain, except to the extent that any of the foregoing would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole.

2.11 **Compliance With Environmental Laws**. Except as set forth on Schedule 2.11 hereto, each Debtor:

(a) is in compliance with any and all applicable Environmental Laws;

(b) have received and are in compliance with all Governmental Authorizations required of them under applicable Environmental Laws to conduct its businesses and operations, including those with respect to the Oil and Gas Assets, and that there is no Order or Proceeding pending or, to the Knowledge of the Debtors, threatened which would prevent the conduct of such businesses or operations; and

(c) have no Knowledge and have not received written notice from any Governmental Body or any Person of:

(i) any violations of, or liability under, Environmental Laws with respect to the presence of any hazardous or toxic substances or wastes, pollutants or contaminants at, on, under, or emanating from any of its Owned Real Property, Leased Real Property, or other Oil and Gas Assets; and

(ii) any actual liability for the investigation or remediation of any Disposal or Release of hazardous or toxic substances or wastes, pollutants or contaminants at, on, under or emanating from any of its Owned Real Property, Leased Real Property, or other Oil and Gas Assets, or any of its formerly owned, operated or leased real properties or tangible personal properties, or any of its divested businesses or predecessors in interest;

except in each case of clauses (a) through (c) above, that which would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole. For purposes of this Section 2.11, "Disposal" and "Release" shall have the same meanings as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.). Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 2.11 are the Debtors' sole and exclusive representations with respect to environmental matters, except to the extent that any of the representations and warranties of the Debtors set forth in and Section 2.16 address or relate to environmental matters.

2.12 **Compliance With ERISA.**

(a) Schedule 2.12(a) hereto sets forth a complete and accurate list of all material employee benefit, compensation and incentive plans, arrangements and agreements (including, but not limited to, employee benefit plans within the meaning of Section 3(3) of ERISA) (all such plans, arrangements and agreements, without regard to the materiality qualifier above, the "Benefit Plans") maintained, sponsored or contributed to by any Debtor for or on behalf of any employees, officers, directors, managers, or independent contractors, or former employees, officers, directors, managers, or independent contractors of such Debtor or any of its Affiliates or for which any Debtor has any material liability. Each Benefit Plan has been maintained in compliance in all material respects with its terms and the requirements of any applicable Laws, including, but not limited to, ERISA and the Internal Revenue Code of 1986, as amended (the "Code"), except where the failure to comply with such applicable Laws would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to

the Debtors, taken as a whole. Each Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified and each trust maintained thereunder is exempt from taxation under Section 501(a) of the Code and, to the Knowledge of the Debtors, no circumstances exist that are likely to result in the revocation of such qualified status of any such Benefit Plan or related trust.

(b) None of the Benefit Plans are, and neither the Debtors nor any of their respective ERISA Affiliates maintain, contribute to, or have an obligation to contribute to, or in the past six (6) years has maintained, contributed to, or had an obligation to contribute to, or have any liability with respect to, (i) a single-employer plan subject to Title IV of ERISA or Section 412 of the Code or (ii) a multiemployer plan (within the meaning of Section 4001(3) of ERISA).

(c) None of the Debtors , nor, to the Knowledge of the Debtors, any trustee, fiduciary or administrator thereof has engaged in a transaction in connection with which any of the Debtors , or any trustee, fiduciary or administrator thereof, or any party dealing with any Benefit Plan or any such trust could be subject to a civil penalty or tax under ERISA or the Code, including but not limited to, a civil penalty assessed pursuant to Section 409 or Section 502(i) of ERISA or a tax imposed pursuant to Section 4975 or Section 4976 of the Code, except any of the foregoing that would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole.

2.13 **No Unlawful Payments**. Neither any Debtor nor any current or former director, manager, officer or employee of any Debtor has, directly or indirectly: (a) made, offered or promised to make or offer any payment, loan or transfer of anything of value, including any reward, advantage or benefit of any kind, to or for the benefit of any employee or official of a Governmental Body, candidate for public office, political party or political campaign, for the purpose of (i) influencing any act or decision of such employee, official, candidate, party or campaign, (ii) inducing such employee, official, candidate, party or campaign to do or omit to do any act in violation of a lawful duty, (iii) obtaining or retaining business for or with any Person, (iv) expediting or securing the performance of official acts, or (v) otherwise securing any improper advantage, in each case in any manner that would violate the Bribery Laws; (b) paid, offered or promised to pay or offer any bribe, payoff, influence payment, kickback, unlawful rebate, or other similar unlawful payment of any nature; (c) made, offered or promised to make or offer any unlawful contributions, gifts, entertainment or other unlawful expenditures; (d) established or maintained any unlawful fund of corporate monies or other properties; (e) created or caused the creation of any false or inaccurate books and records of any of the Debtors related to any of the foregoing; or (f) otherwise violated any provision of the Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq., or any other applicable anti-corruption or anti-bribery Law (collectively, the "Bribery Laws").

2.14 **Absence of Certain Changes or Events**. Since June 30, 2015, and excluding any transactions effected in connection with the Chapter 11 Cases that are specifically contemplated by the Restructuring Support Agreement, the Exhibit Plan or the Exhibit Disclosure Statement, (x) each Debtor has conducted its businesses only in the Ordinary Course of Business, (y) there has been no Material Adverse Effect (excluding, solely for purposes of the representation made in this Section 2.14 and Section 6.1(m) to the extent it relates to this Section 2.14 (and not for purposes of any other term, condition or provision in this Agreement, including

Section 6.1(p)), the impact of commodity prices) and (z) except as set forth on Schedule 2.14 hereto, no Debtor has:

(a) discharged or satisfied any material Encumbrance, or discharged or satisfied any material obligation, other than current liabilities in the Ordinary Course of Business;

(b) other than in the Ordinary Course of Business, (i) disposed any material properties or assets (real or personal, tangible or intangible), or (ii) made any material acquisition of the assets of any other Person (or series of related acquisitions);

(c) (i) mortgaged, pledged or otherwise encumbered or subjected to any Encumbrance any material properties or assets (real or personal, tangible or intangible), or (ii) made any material capital investment in, or any material loan to, any other Person (or series of related material capital investments or loans);

(d) made any material change in the accounting methods (including assumptions underlying estimates of reserves for inventory and accounts receivable and accruals for liabilities), other than as required by GAAP;

(e) incurred any damage, destruction, loss or casualty, in each case to the extent all or any portion thereof is not covered by insurance, to material properties or assets;

(f) other than in the Ordinary Course of Business or as required by Law, (i) adopted, entered into or amended, terminated or cancelled any Benefit Plan, (ii) increased, or agreed to any increase in, the compensation payable or to become payable to, or increased the contractual term of employment of, any officer, director, manager or employee with an annual salary as of the Execution Date in excess of $100,000, or (iii) entered into, terminated or cancelled any collective bargaining agreement, works council or similar agreement with any labor organization;

(g) incurred, assumed or guaranteed any liabilities or obligations in respect of indebtedness for borrowed money (including any Contract pursuant to which any Debtor has issued any note, bond, indenture, debenture, letter of credit, swap or similar instrument), letters of credit, the deferred purchase price of property, conditional sale arrangements, obligations under leases which must be (in accordance with GAAP) recorded as capital leases, or interest rate or currency or commodity hedging activities, other than (i) borrowings under the RBL Facility and (ii) paid-in-kind interest payments under the Subordinated Notes;

(h) other than as expressly contemplated by the Drilling Program Summary, made any capital expenditures or commitments therefor in excess of $100,000;

(i) made or changed any material election, changed any material annual accounting period, adopted or changed any material method of accounting, filed any material amended tax return, entered into any material closing agreement, settled any material claim or assessment, surrendered any right to claim a material refund, consented to any extension or waiver of the limitations period applicable to any material claim or assessment (other than

pursuant to extensions of time to file tax returns obtained in the Ordinary Course of Business), in each case, with respect to taxes;

(j) waived or cancelled any debt, claim or right involving in excess of $100,000 per claim individually, or $200,000 in the aggregate;

(k) canceled or terminated any material insurance policy naming it as a beneficiary or a loss payable payee without obtaining comparable substitute insurance coverage; or

(l) agreed or committed to take any of the actions described in the foregoing clauses (a) through (k).

2.15 **Material Contracts.**

(a) Schedule 2.15(a) hereto sets forth a true and complete list of each Contract (other than Oil and Gas Leases) of any Debtor currently in effect in the categories listed below (collectively, the "Material Contracts"):

(i) any Contract that provides for the incurrence of indebtedness for borrowed money (including any Contract pursuant to which any Debtor has issued any note, bond, indenture, debenture, letter of credit, swap or similar instrument), letters of credit, the deferred purchase price of property, conditional sale arrangements, obligations under leases which must be (in accordance with GAAP) recorded as capital leases, obligations secured by an Encumbrance, or interest rate or currency or commodity hedging activities (including guarantees or other contingent liabilities in respect of any of the foregoing), except for (A) the DIP Credit Agreement, (B) the RBL Facility, (C) the Senior Notes and (D) the Subordinated Notes.

(ii) any material license agreement (other than for commercially available off-the-shelf software), where any Debtor licenses in (or licenses out) or is otherwise authorized to use (or authorizes another Person to use) IP Rights;

(iii) each Contract (A) limiting the right of any Debtor to compete with any Person in any business or in any geographical area or to hire or engage any Person, (B) restricting or impairing the ability of any Debtor to freely conduct its business or operations, or (C) restricting any Debtor from disclosing any information concerning or obtained from any other Person (in the case of clause (C), other than Contracts entered into in the Ordinary Course of Business);

(iv) each Contract or series of related Contracts providing for any capital commitment or capital expenditure by any Debtor of greater than $100,000;

(v) each Contract that is a collective bargaining agreement or other agreement with any trade union or other labor organization;

(vi) each Contract with a Related Person of any Debtor, other than Benefit Plans;

(vii) each Contract with, or for the benefit of, a Governmental Body;

(viii) each Contract relating to any material Governmental Authorizations;

(ix) each Contract containing any exclusive dealing or "most favored nation" provisions;

(x) each co-development, profit sharing, partnership or joint venture or similar Contract;

(xi) each Contract relating to the acquisition or disposition (by merger, consolidation or acquisition of stock or assets) by any Debtor of any Person or division thereof or collection of assets constituting all or substantially all of a business or business unit;

(xii) each Contract granting to any Person a first refusal, first offer or similar preferential right to purchase or acquire any right, interest, asset or property of any Debtor;

(xiii) each Contract pursuant to which any Person has the right to use any Equipment or other portion of the Oil and Gas Assets;

(xiv) each Contract providing for payments to or by any Debtor in excess of $200,000 in any 12-month period;

(xv) each Contract that contains minimum annual purchase obligations (take-or-pay) or that contain penalties or repricing provisions if certain minimum quantities are not purchased; and

(xvi) each outstanding written commitment to enter into any Contract of the type described in clauses (i) through (xv) of this Section 2.15(a).

(b) True and complete copies of all Material Contracts have previously been made available to the Backstop Parties. Each Material Contract is in full force and effect and is valid, binding and enforceable against the applicable Debtor and, to the Knowledge of the Debtors, each other party thereto, in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws of general applicability relating to or affecting creditor's rights generally and by the application of general principles of equity. Other than in connection with the filing of the Chapter 11 Cases, neither the Debtors nor, to the Knowledge of the Debtors, any other party to such Material Contracts is in breach of or default under any obligation thereunder or has given notice of default to any other party thereunder, except for breaches and defaults that would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole.

2.16 **Oil and Gas Matters.**

(a) Schedule 2.16(a) hereto sets forth a true and complete list and one line description of each Oil and Gas Lease to which any Debtor is a party effect. Each Debtor has Defensible Title to its Oil and Gas Leases and, in no event, less than ninety percent (90%) of the total value of such Oil and Gas Leases determined by reference to the report of Cawley, Gillespie & Associates, Inc. dated as of October 1, 2015 (the "Reserve Report"), and good title to all its material personal Oil and Gas Assets in each case, free and clear of all Encumbrances other than Permitted Encumbrances. Each Oil and Gas Contract is valid and subsisting, in full force and effect, and there exists no breach or unremedied default under any Oil and Gas Contract by the Debtor party thereto, or, to the Knowledge of the Debtors, by any other party thereto, except, in each case, such defaults as would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole.

(b) The Oil and Gas Assets for which any of the Debtors is an operator and, to the Knowledge of the Debtors, any other Oil and Gas Assets are in compliance in all material respects with all Laws applicable thereto and the Oil and Gas Assets for which any of the Debtors is an operator and, to the Knowledge of the Debtors, any other Oil and Gas Assets have been maintained, operated and developed in accordance with Prudent Oil and Gas Practices.

(c) None of the Oil and Gas Assets or any portion thereof are subject to any Preference Right.

(d) Except as set forth on Schedule 2.16(d) hereto, as of the Execution Date: (i)(x) all rentals, royalties, excess royalty, overriding royalty interests, Hydrocarbon production payments, and other payments due and payable by any Debtor to overriding royalty interest holders and other interest owners under or with respect to the Oil and Gas Assets and the Hydrocarbons produced therefrom or attributable thereto, have been paid or have been directed to be paid by a Debtor or its Affiliates, or if not paid, are being held in suspense as set forth on Schedule 2.16(d) hereto, and (y) all rentals, royalties, excess royalty, overriding royalty interests, Hydrocarbon production payments, and other payments due and payable to any Debtor under or with respect to the Oil and Gas Assets for which any of the Debtors is an operator and, to the Knowledge of the Debtors, any other Oil and Gas Assets and, in each case, the Hydrocarbons produced therefrom or attributable thereto, have been paid, and no portion thereof is being held in suspense, subject to a claim for refund by the purchaser, used as an offset or as collateral for other obligations (whether disputed or undisputed), or otherwise not being paid to such Debtor as it becomes due in the ordinary course of business, and (ii) no Debtor is obligated under any Contract or arrangement for the sale of Hydrocarbons from the Oil and Gas Assets containing a take-or-pay, advance payment, prepayment, or similar provision, or under any gathering, transmission, or any other Contract or arrangement with respect to any of the Oil and Gas Assets to gather, deliver, process, or transport any Hydrocarbons without then or thereafter receiving full payment therefor.

(e) Except as set forth on Schedule 2.16(e) hereto, no operations are being conducted pursuant to any Oil and Gas Lease or Oil and Gas Contract as to which the Debtor party thereto has elected to be a non-consenting party under the terms thereof and with respect to which it has not yet recovered its full participation.

(f) Except as set forth on Schedule 2.16(f) hereto, (i) since the consummation of the transactions contemplated thereby, no Debtor has made any claims for indemnity under the Halcon Purchase Agreement; and (ii) except for individual transactions involving amounts less than or equal to $25,000 (but if such individual transactions in the aggregate exceed $500,000 then including any such transactions in excess of $500,000), no Debtor is party to or bound by any Contract or arrangement for the purchase, sale, acquisition, disposition or transfer of any Oil and Gas Asset, except for sales of Hydrocarbons in the Ordinary Course of Business; and (iii) none of the Oil and Gas Assets are subject to any Contract or arrangement containing an area of mutual interest under which a Debtor may be obligated to make assignments to third Persons of interests in any Oil and Gas Asset.

(g) Schedule 2.16(g) hereto accurately sets forth, as of the Execution Date, all of the Imbalances of the Debtors arising with respect to the Hydrocarbon Interests or production therefrom.

(h) As of the Execution Date, there is no actual or, to the Knowledge of the Debtors, threatened taking (whether permanent, temporary, whole or partial) of any part of the Oil and Gas Assets by reason of condemnation or the threat of condemnation.

(i) As of the Execution Date, no Debtor has received any claim, notice or Order from any Governmental Body or other Person for which a response or any action is currently required (i) alleging any Hydrocarbon production from any Oil and Gas Asset for which any of the Debtors is an operator and, to the Knowledge of the Debtors, from any other Oil and Gas Asset is or was in excess of volumes permitted by the applicable Oil and Gas Lease or applicable Law, or (ii) regarding any change proposed in the production allowables for any Oil and Gas Asset for which any of the Debtors is an operator and, to the Knowledge of the Debtors, from any other Oil and Gas Asset.

(j) Schedule 2.16(j) hereto sets forth all Oil and Gas Leases that, as of the Execution Date, are being held beyond their primary term (i) by fulfillment of any continuous drilling clauses contained therein or (ii) by payment of any amount in lieu of such fulfillment. The Debtors have delivered, via their financial advisor, to the Backstop Parties a true and correct summary of their planned drilling program in the "Well Count and Cost Assumptions" section of the slide entitled "Minimum Capital Plan Assumptions," dated December 16, 2015, for the three (3) calendar year period beginning January 1, 2016 (such period the "Reference Period, and such summary the "Drilling Program Summary") which contemplates, for each calendar year, the drilling of the number of wells on the Johnson Ranch and Bedias VT properties indicated in the relevant column. The drilling of the number of wells specified in the Drilling Program Summary is sufficient, together with the lease expenditures described therein, as of the Execution Date, and assuming such activities are carried out as described therein, to, for the duration of the Reference Period, maintain not less than ninety percent (90%) of the total value of the Oil and Gas Leases (determined by reference to the Reserve Report), it being agreed that such assumption shall not be interpreted to be invalid by reason of any later variation of actual D&C or Infrastructure costs from any projected amount.

(k) Except as set forth on Schedule 2.16(k) hereto, to the Knowledge of the Debtors, there are no wells constituting a part of the Oil and Gas Assets of the Debtors or in

which any Debtor has any interest that were required by applicable Law or Contract to be plugged and abandoned that have not been plugged and abandoned in accordance in all material respects with all applicable Laws or Contracts.

(l) The Oil and Gas Assets include gathering equipment and all other personal property, equipment, and facilities necessary for the operation by the Debtors of their business as presently operated, in material compliance with Prudent Oil and Gas Practices and applicable Laws.

(m) There is no outstanding authorization for expenditure or other commitment to make capital expenditures with respect to any Oil and Gas Assets which any Debtor reasonably anticipates will individually require expenditures net to any Debtor's interest in excess of $100,000, except as set forth on Schedule 2.16(m) hereto.

(n) Except as set forth on Schedule 2.16(n) hereto, other than the Oil and Gas Properties, no Debtor owns, leases or has any other right, title or interest in or to any real property other than leasehold interests in respect of the Debtor's corporate office space located in Tulsa, Oklahoma.

2.17 **Financial Statements**. Each of (a) the audited consolidated balance sheet of New Gulf Resources, LLC and its Subsidiaries as of December 31, 2014 and December 31, 2013, and the related consolidated statements of operations, changes in members' equity and cash flows for the fiscal years ended December 31, 2014 and December 31, 2013 (collectively, the "Audited Financial Statements"), (b) the unaudited consolidated balance sheet of New Gulf Resources, LLC and its Subsidiaries as of June 30, 2015, and the related unaudited consolidated statements of operations for the three- and six-month periods then ended, changes in members' equity and cash flows for the six-month period then ended, and (c) the unaudited consolidated balance sheet of New Gulf Resources, LLC and its Subsidiaries as of September 30, 2015, and the related unaudited consolidated statements of operations for the three- and nine-month periods then ended, changes in members' equity and cash flows for the nine-month period then ended (together with the financial statements described in clause (b), the "Unaudited Financial Statements" and, together with the Audited Financial Statements, the "Financial Statements"), have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby and fairly present, in all material respects, the consolidated financial condition, members' equity and results of operations and cash flows of New Gulf Resources, LLC and its Subsidiaries as of the respective dates thereof and for the periods referred to therein, subject to, in the case of the Unaudited Financial Statements, to normal recurring year-end adjustments (that will not, individually or in the aggregate, be material in amount or effect) and the absence of all required footnotes thereto (that, if presented, would not, individually or in the aggregate, differ materially from those included in the Audited Financial Statements).

2.18 **Tax Matters.**

(a) Except as set forth on Schedule 2.18 hereto, (i) all material tax returns required to be filed by or on behalf of any Debtor, or any Affiliated Group of which any Debtor is or was a member, have been properly prepared and timely filed with the appropriate taxing authorities in all jurisdictions in which such tax returns are required to be filed (after giving

effect to any valid extensions of time in which to make such filings); (ii) all material taxes payable by or on behalf of any Debtor either directly, as part of the consolidated tax return of another taxpayer, or otherwise, have been fully and timely paid,; and (iii) no agreement, waiver or other document or arrangement extending or having the effect of extending the period for assessment or collection of a material amount of taxes (including any applicable statute of limitations) has been executed or filed with the IRS or any other Governmental Body by or on behalf of any Debtor and no power of attorney in respect of any tax matter is currently in force.

(b) Except as set forth on Schedule 2.18 hereto, each Debtor has complied in all material respects with all applicable Laws relating to the payment and withholding of taxes and have duly and timely withheld from employee salaries, wages, and other compensation and has paid over to the appropriate taxing authorities or other applicable Governmental Bodies all amounts required to be so withheld and paid over for all periods under all applicable Laws.

(c) (i) All material deficiencies asserted or assessments made as a result of any examinations by the IRS or any other Governmental Body of the tax returns of or covering or including any Debtor have been fully paid, and there are no other material audits or investigations by any taxing authority or any other Governmental Body in progress, nor has any Debtor received written notice from any taxing authority or other applicable Governmental Body that it intends to conduct such an audit or investigation; (ii) no issue has been raised by a federal, state, local, or foreign taxing authority or other applicable Governmental Body in any current or prior examination that, by application of the same or similar principles, could reasonably be expected to result in a proposed material deficiency for any subsequent taxable period; and (iii) there are no Encumbrances for taxes with respect to any Debtor, or with respect to the assets or business of any Debtor, nor is there any such Encumbrance that is pending or threatened in writing, other than Permitted Encumbrances.

2.19 **Labor and Employment Compliance**. Each Debtor is in compliance with all applicable Laws or Orders respecting employment and employment practices, except where the failure to comply with such applicable Laws or Orders would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole. There is no Proceeding pending or, to the Debtors' knowledge, threatened against any Debtor alleging unlawful discrimination in employment, and there is no Proceeding with regard to any unfair labor practice against any Debtor pending before the National Labor Relations Board or any other Governmental Body, except for any such Proceedings that would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect to the Debtors, taken as a whole. No union representation petition involving the employees of any Debtor has been filed during the five (5) year period prior to the Execution Date, is pending or, to the Knowledge of the Debtors, is threatened. None of the employees of any Debtor are represented by any labor union nor are any collective bargaining agreements otherwise in effect, and no collective bargaining agreement is currently being negotiated by any Debtor.

2.20 **Related Party Transactions.** No Debtor is a party to any Contract or other arrangement with any Related Person of any of the Debtors, other than employment and similar arrangements (including any Benefit Plan). None of the Related Persons of any of the

Debtors owe any material amount to any Debtor. None of the Related Persons of any of the Debtors own any material property or right, tangible or intangible, that is used by any Debtor.

2.21 **Insurance**. Schedule 2.21 hereto sets forth a complete and correct list of all insurance policies maintained by or on behalf of the Debtors that are in effect on the Execution Date (the "Insurance Policies"). All Insurance Policies are in full force and effect, and, except to the extent any such Insurance Policy has been replaced after the Execution Date with comparable substitute insurance coverage, will remain in full force and effect immediately following Closing. All premiums payable under the Insurance Policies have been paid to the extent such premiums are due and payable, the Debtors have otherwise complied with the terms and conditions of, and their obligations under, all of the Insurance Policies in all material respects, and no event has occurred which, with notice or the lapse of time or both, would constitute such a breach or default, or permit termination, modification, or acceleration, under any of the Insurance Policies. To the Knowledge of the Debtors, as of the Execution Date, there is no threatened termination of, premium increase with respect to, or material alteration of coverage under, any of the Insurance Policies. During the three (3) year period prior to the Execution Date, no claims have been denied under the Insurance Policies and none of the Debtors has (A) had a claim rejected or a payment denied by any insurance provider, (B) had a claim in which there is an outstanding reservation of rights or (C) had the policy limit under any Insurance Policy exhausted or materially reduced.

2.22 **Arm's Length**. Each Debtor acknowledges and agrees that the Backstop Parties are acting solely in the capacity of arm's length contractual counterparties to the Debtors with respect to the transactions contemplated hereby and the other Contemplated Transactions (including in connection with determining the terms of the Rights Offering) and not as financial advisors or fiduciaries to, or agents of, the Debtors or any other Person. Additionally, the Backstop Parties are not advising the Debtors or any other Person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. Each Debtor shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby and the other Contemplated Transactions, and the Backstop Parties shall have no responsibility or liability to any Debtor with respect thereto. Any review by the Backstop Parties of the Debtors, the Contemplated Transactions or other matters relating to the Contemplated Transactions will be performed solely for the benefit of the Backstop Parties and shall not be on behalf of the Debtors.

2.23 **Holding Company Status**. Parent (a) does not own, and since its formation has not owned, any assets (other than equity interests of the Subsidiaries of Parent on the Execution Date), (b) other than its guarantee of the Second Lien Notes and its obligations under the DIP Facility, does not have, and since its formation has not had or incurred, any liabilities, and (c) does not conduct, transact or otherwise engage in, and since its formation has not conducted, transacted or engaged in, any business, operations or activities other than activities that are incidental (i) to its ownership of the equity interests of its Subsidiaries, or (ii) to the maintenance of its legal existence.

3. **Representations and Warranties of the Backstop Parties.** Each Backstop Party, severally and not jointly, hereby represents and warrants to the Debtors as set forth in this Section 3. Except for representations and warranties that are expressly limited as to a particular

date, each representation and warranty is made as of the Execution Date and as of the Effective Date:

3.1 **Organization of Such Backstop Party.** Such Backstop Party is duly organized or formed (as applicable), validly existing and in good standing under the Laws of its jurisdiction of incorporation or formation (as applicable), with full corporate, partnership or limited liability company (as applicable) power and authority to conduct its business as it is now conducted.

3.2 **Authority; No Conflict.**

(a) Such Backstop Party (i) has the requisite corporate, partnership or limited liability company (as applicable) power and authority (A) to enter into, execute and deliver this Agreement and (B) to perform and consummate the transactions contemplated hereby, and (ii) has taken all necessary corporate, partnership or limited liability company (as applicable) action required for (x) the due authorization, execution and delivery of this Agreement and (y) the performance and consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by such Backstop Party. This Agreement constitutes the legal, valid and binding obligation of such Backstop Party, enforceable against such Backstop Party in accordance with its terms.

(b) Neither the execution and delivery by such Backstop Party of this Agreement nor the performance or consummation by such Backstop Party of any of the transactions contemplated hereby will, directly or indirectly (with or without notice or lapse of time or both):

(i) contravene, conflict with, or result in a violation or breach of any provision of the Organizational Documents of such Backstop Party;

(ii) contravene, conflict with, or result in a violation of, any pending or existing Law or Order to which such Backstop Party, or any of the properties, assets, rights or interests owned or used by such Backstop Party, are bound or may be subject; or

(iii) contravene, conflict with or result in a violation or breach of any provision of, or give rise to any right of termination, acceleration or cancellation under, any Contract to which such Backstop Party is a party or which any of such Backstop Party's properties, assets, rights or interests are bound or may be subject;

except, in the case of clauses (ii) and (iii) above, where such occurrence, event or result would not reasonably be expected to prohibit, materially delay or materially and adversely impact such Backstop Party's performance or consummation of its obligations under this Agreement.

Except (x) for Consents which have been obtained, notices which have been given and filings which have been made, and (y) where the failure to give any notice, obtain any Consent or make any filing would not reasonably be expected to prevent or materially delay the consummation of any of the transactions contemplated by this Agreement, such Backstop Party is not and will not

be required to give any notice to, make any filing with or obtain any Consent from, any Person in connection with the execution and delivery by such Backstop Party of this Agreement or the consummation or performance by such Backstop Party of any of the transactions contemplated hereby.

3.3 **Backstop Notes Not Registered.** Such Backstop Party understands that the Backstop Notes have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Backstop Party's representations set forth herein.

3.4 **Acquisition for Own Account.** Such Backstop Party is acquiring its Backstop Notes for its own account (or for the accounts for which it is acting as investment advisor or manager), and not with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities Laws, and such Backstop Party has no present intention of selling, granting any participation in, or otherwise distributing the same, except in compliance with applicable securities Laws. Subject to the foregoing, by making the representations herein, such Backstop Party does not agree to hold its Backstop Notes for any minimum or other specific term and reserves the right to dispose of its Backstop Notes at any time in accordance with or pursuant to a registration statement or exemption from the registration requirements under the Securities Act and any applicable state securities laws.

3.5 **Accredited Investor.** Such Backstop Party is an Accreditor Investor and has such knowledge and experience in financial and business matters that such Backstop Party is capable of evaluating the merits and risks of its investment in the Backstop Notes. Such Backstop Party understands and is able to bear any economic risks of such investment.

3.6 **Brokers or Finders.** Such Backstop Party 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 Plan or any of the Contemplated Transactions for which the Debtors may be liable.

3.7 **Proceedings.** There is no pending, outstanding or, to the knowledge of such Backstop Party, threatened Proceedings against such Backstop Party that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the transactions contemplated by this Agreement, which, if adversely determined, would reasonably be expected to prohibit, materially delay or materially and adversely impact such Backstop Party's performance or consummation of its obligations under this Agreement.

3.8 **Sufficiency of Funds.** On the Business Day on which the Deposit Deadline occurs, such Backstop Party will have available funds sufficient to pay the aggregate Purchase Price for the Backstop Notes to be purchased by such Backstop Party hereunder.

Anything herein to the contrary notwithstanding, nothing contained in any of the representations, warranties or acknowledgments made by any Backstop Party in this Section 3 or elsewhere in this Agreement will operate to modify or limit in any respect the representations and warranties

of the Debtors or to relieve the Debtors from any obligations to the Backstop Parties for breach thereof.

4. **Covenants of the Debtors.** The Debtors hereby, jointly and severally, agree with the Backstop Parties as set forth in this Section 4.

4.1 **Backstop Agreement Motion and Backstop Agreement Order.** Not later than one (1) calendar day after the Petition Date, the Debtors shall file a motion and supporting papers (the "Backstop Agreement Motion") seeking an order of the Bankruptcy Court, in form and substance acceptable to the Requisite Backstop Parties, approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (the "Backstop Agreement Order"), including without limitation, the payment by the Debtors of the Liquidated Damages Payment and the Transaction Expenses on the terms set forth herein, and the indemnification, advancement, reimbursement and contribution provisions in favor of the Indemnified Parties set forth herein; provided, that the exhibits and schedules to any copy of this Agreement that is filed with the Bankruptcy Court shall, subject to Bankruptcy Court approval, be redacted so that the Backstop Commitment Amount and the Backstop Commitment Percentage of each Backstop Party shall be removed from any such copy. The Debtors agree that they shall use their reasonable best efforts to (a) obtain a waiver of Bankruptcy Rule 6004(h) and request that the Backstop Agreement Order be effective immediately upon its entry by the Bankruptcy Court, and that the Backstop Agreement Order shall not be subject to revision, modification or amendment by the Confirmation Order or any other further order of the Bankruptcy Court, (b) fully support the Backstop Agreement Motion and any application seeking Bankruptcy Court approval and authorization to pay the expenses and other amounts under this Agreement, including the Transaction Expenses and the Liquidated Damages Payment, as an administrative expense of the Debtors' estates, and (c) obtain approval of the Backstop Agreement Order as soon as practicable after the Petition Date. The Debtors may, and shall be permitted to, (i) file the Backstop Agreement Motion as part of, and include the Backstop Agreement Motion directly in, the Disclosure Statement Motion, and (ii) seek to have the Backstop Agreement Order be part of, and be included directly in, the Disclosure Statement Order, and, in any such case of clause (i) or clause (ii), all provisions of this Agreement that apply to the Backstop Agreement Motion or the Backstop Agreement Order shall be deemed to apply to the Disclosure Statement Motion or the Disclosure Statement Order, respectively.

4.2 **Rights Offering.** The Debtors shall promptly provide draft copies of all documents, instruments, forms, agreements and other materials to be entered into, delivered, distributed or otherwise used in connection with the Rights Offering (the "Rights Offering Documentation") for review and comment by the Backstop Parties a reasonable time prior to filing such Rights Offering Documentation with the Bankruptcy Court or entering into, delivering, distributing or using such Rights Offering Documentation. Any comments received by the Debtors from the Backstop Parties or their respective Representatives with respect to the Rights Offering Documentation shall be considered by them in good faith and, to the extent the Debtors disagree with, or determine not to incorporate, any such comments, they shall inform the Backstop Parties thereof and discuss the same with the Backstop Parties; provided, however, that the Debtors shall not file any such Rights Offering Documentation with the Bankruptcy Court or

enter into, deliver, distribute or use any such Rights Offering Documentation, without the prior written consent of the Requisite Backstop Parties.

4.3 **Conditions Precedent.** The Debtors shall use their commercially reasonable efforts to satisfy or cause to be satisfied all the conditions precedent set forth in Section 6.1 hereof and the Plan (including, without limitation, procuring and obtaining all Consents, authorizations and waivers of, making all filings with, and giving all notices to, Persons (including Governmental Bodies) which may be necessary or required on its part in order to consummate or effect the transactions contemplated herein).

4.4 **Notification**. The Debtors shall: (a) on request by any of the Backstop Parties, cause the applicable subscription agent for the Rights Offering selected and appointed in accordance with the Rights Offering Procedures (the "Subscription Agent") to notify each of the Backstop Parties in writing of the aggregate principal amount of Rights Offering Notes that Rights Offering Participants have subscribed for pursuant to the Rights Offering as of the close of business on the preceding Business Day or the most recent practicable time before such request, as the case may be, and (b) following the Rights Offering Termination Date, (i) cause the Subscription Agent to notify each of the Backstop Parties in writing, within one (1) Business Day after the Rights Offering Termination Date, of the aggregate principal amount of Unsubscribed Notes and (ii) timely comply with their obligations under Section 1.1(c) hereof.

4.5 **Conduct of Business**. Except (a) as explicitly set forth in this Agreement (excluding the Exhibit Plan and the Exhibit Disclosure Statement) or the Restructuring Support Agreement (excluding the Exhibit Plan and the Exhibit Disclosure Statement), (b) as required by the Plan, (c) as set forth on Schedule 4.5 hereto, or (d) with the consent of the Requisite Backstop Parties (which consent may be withheld in the sole discretion of the Requisite Backstop Parties), during the period from the Execution Date until the earlier of the Closing and the termination of this Agreement, the Debtors shall (i) conduct their respective businesses and operations in the Ordinary Course of Business (subject, in the case of Parent, to Section 4.10) and use their commercially reasonable efforts to (x) keep available the services of the current officers, employees and agents of each Debtor and (y) maintain the relations and goodwill with suppliers, customers, landlords, creditors, employees, agents and others having business relationships with any Debtor, (ii) maintain in full force and effect the Insurance Policies (or replacements thereof covering such risks and amounts and with such deductibles and exclusions that are substantially the same as those included in the Insurance Policies), (iii) comply with applicable Law and (iv) not take any action described in any of clauses (a)-(l) of Section 2.14 (but excluding clause (e) of Section 2.14) disregarding the disclosures set forth on Schedule 2.14 hereto.

4.6 **Use of Proceeds.** The Debtors shall use the net cash proceeds from the sale of the Rights Offering Notes from the Rights Offering and the sale of the Backstop Notes pursuant to this Agreement solely for the purposes set forth in the Plan and the Disclosure Statement.

4.7 **Access**. Subject to (a) applicable Law, and (b) appropriate assurance of confidential treatment (it being understood that if any Backstop Party is a party to a confidentiality agreement with any of the Debtors, then such confidentiality agreement is

appropriate assurance), promptly following the Execution Date, each of the Debtors will, and will use commercially reasonable efforts to cause its employees, officers, directors, managers, accountants, attorneys and other advisors (collectively, "Representatives") to, provide each of the Backstop Parties and its Representatives (including any engineers, geologists, consultants and other advisors) (and any financing sources of any of the Backstop Parties and their Representatives) with reasonable access, upon reasonable prior notice, during normal business hours, and without any material disruption to the conduct of the Debtors' business, to officers, management, employees and other Representatives of any of the Debtors and to assets, properties, Contracts, books, records and any other information concerning the business and operations of any of the Debtors (including such information concerning environmental matters) as any of the Backstop Parties or any of their respective Representatives may reasonably request.

4.8 **Financial Information.** At all times prior to the Effective Date, the Debtors shall deliver to each Backstop Party all statements, reports, certificates and other information that the Debtors are required to deliver to the agent and/or the lenders pursuant to the DIP Credit Agreement or their respective advisors (the "Financial Reports") at the times required by the DIP Credit Agreement (but in no event later than the delivery of the Financial Reports to such agent and/or lenders). Neither the waiver of the receipt of the Financial Reports, nor any amendment, modification, supplement, forbearance or termination of the DIP Credit Agreement shall affect the Debtors' obligation to deliver the Financial Reports to the Backstop Parties in accordance with the terms of this Agreement. All Financial Reports shall be complete and correct in all material respects and shall be prepared in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods.

4.9 **DTC Eligibility**. The Debtors shall use their reasonable best efforts to promptly make all Backstop Notes eligible for deposit with DTC.

4.10 **Holding Company Status**. Anything in this Agreement to the contrary notwithstanding, Parent shall not own any assets (other than equity interests of the Subsidiaries of Parent on the Execution Date), incur any liabilities (other than its guarantee of the Second Lien Notes and its obligations under the DIP Facility) or conduct, transact or otherwise engage in any business, operations or activities other than activities that are incidental (a) to its ownership of the equity interests of its Subsidiaries, or (b) to the maintenance of its legal existence.

5. **Covenants of the Backstop Parties.** Each Backstop Party shall use its commercially reasonable efforts to satisfy or cause to be satisfied on or prior to the Effective Date all the conditions precedent applicable to such Backstop Party set forth in Section 6.2 hereof; provided, however, that nothing contained in this Section 5 shall obligate the Backstop Parties to waive any right or condition under this Agreement, the Restructuring Support Agreement or the Plan.

6. **Conditions to Closing.**

6.1 **Conditions Precedent to Obligations of the Backstop Parties.** The obligations of the Backstop Parties to subscribe for and purchase Primary Notes and Backstop Commitment Notes pursuant to their respective Funding Commitments are subject to the

satisfaction (or waiver by the Requisite Backstop Parties) of each of the following conditions prior to or on the Effective Date:

(a) Restructuring Support Agreement. The Restructuring Support Agreement shall not have been terminated.

(b) Plan. The Plan, as confirmed by the Bankruptcy Court, shall be the Exhibit Plan or the Exhibit Plan as amended, supplemented or otherwise modified with the prior written consent of the Requisite Backstop Parties. The Plan Supplement (including all schedules, documents and forms of documents contained therein or constituting a part thereof) shall be in form and substance acceptable to the Requisite Backstop Parties.

(c) Disclosure Statement. The Disclosure Statement shall be the Exhibit Disclosure Statement or the Exhibit Disclosure Statement as amended, supplemented or otherwise modified with the prior written consent of the Requisite Backstop Parties.

(d) Disclosure Statement Order. The Bankruptcy Court shall have entered the order approving the Disclosure Statement (the "Disclosure Statement Order"), the Disclosure Statement Order shall be in form and substance reasonably acceptable to the Requisite Backstop Parties, and the Disclosure Statement Order shall be a Final Order.

(e) Backstop Agreement Order. The Bankruptcy Court shall have entered the Backstop Agreement Order, the Backstop Agreement Order shall be consistent with this Agreement and otherwise in form and substance reasonably acceptable to the Requisite Backstop Parties, and the Backstop Agreement Order shall be a Final Order.

(f) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order, the Confirmation Order shall be in form and substance consistent with this Agreement, the Restructuring Support Agreement and the Plan and otherwise in form and substance reasonably acceptable to the Requisite Backstop Parties, and the Confirmation Order shall be a Final Order. Without limiting the generality of the foregoing, the Confirmation Order shall contain the following specific findings of fact, conclusions of law and orders: (i) each of the Specified Issuances described in clauses (a)-(e) of the definition of "Specified Issuances" are exempt from the registration and prospectus delivery requirements of Section 5 of the Securities Act pursuant to section 1145(a) of the Bankruptcy Code; (ii) the Specified Issuances described in clauses (f) and (g) of the definition of "Specified Issuances" are exempt from the registration and prospectus delivery requirements of Section 5 of the Securities Act pursuant to Section 4(a)(2) of the Securities Act and/or section 1145 of the Bankruptcy Code; (iii) the solicitation of acceptance or rejection of the Plan by the Backstop Parties and/or any of their respective Related Persons (if any such solicitation was made) was done in good faith and in compliance with the applicable provisions of the Bankruptcy Code and, as such, the Backstop Parties and any of their respective Related Persons are entitled to the benefits and protections of section 1125(e) of the Bankruptcy Code; (iv) the participation by the Backstop Parties and/or any of their respective Related Persons in the offer, issuance, sale or purchase of any security offered, issued, sold or purchased under the Plan (if any such participation was made) was done in good faith and in compliance with the applicable provisions of the Bankruptcy Code and, as such, the Backstop Parties and any of their respective Related Persons are entitled to the benefits and protections of section

1125(e) of the Bankruptcy Code; and (v) all liens securing obligations under the New First Lien Notes Documents shall be deemed, from and after the Effective Date, to be validly created and perfected first-priority liens, subject only to certain permitted liens under the New Indenture that are acceptable to the Requisite Backstop Parties.

(g) Conditions to Confirmation and Effectiveness. The conditions to confirmation of the Plan and the conditions to the Effective Date set forth in the Plan shall have been satisfied (or waived with the prior written consent of the Requisite Backstop Parties) in accordance with the Plan, and the Effective Date shall have occurred or shall occur simultaneously with the Closing.

(h) Rights Offering and Backstop. The Rights Offering shall have been conducted and consummated in accordance with the Plan, the Rights Offering Procedures and this Agreement, all Rights Offering Notes (including any Backstop Commitment Notes and, if applicable, Default Notes) shall have been (or concurrently with the Closing will be) issued and sold in connection with the Rights Offering and/or pursuant to this Agreement, and the Debtors shall have received (or concurrently with the Closing will receive) net cash proceeds from the issuance and sale of Rights Offering Notes in an aggregate amount of not less than the Rights Offering Amount.

(i) Definitive Documents. All Definitive Documents shall have been executed and delivered by the parties thereto, such Definitive Documents shall be consistent with the terms set forth in this Agreement (including, in the case of the New First Lien Notes Documents, the terms set forth on Exhibit C hereto), the Restructuring Support Agreement and the Plan and otherwise in form and substance reasonably acceptable to the Requisite Backstop Parties, and such Definitive Documents shall be in full force and effect.

(j) Liens. All liens on all of the collateral to secure the obligations under the New First Lien Notes Documents shall have been validly created and perfected in a manner that is acceptable to the Requisite Backstop Parties and such liens shall be first-priority liens subject only to certain permitted liens under the New Indenture that are acceptable to the Requisite Backstop Parties.

(k) No Injunctions or Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction, judgment or other Order preventing the consummation of any of the transactions contemplated by this Agreement or any of the other Contemplated Transactions shall have been entered, issued, rendered or made, nor shall any Proceeding commenced by a Governmental Body seeking any of the foregoing be commenced or pending; nor shall there be any Law promulgated, enacted, entered, enforced or deemed applicable to the Backstop Parties or the Debtors which makes the consummation of any of the transactions contemplated by this Agreement or any of the other Contemplated Transactions (including, without limitation, each of the Specified Issuances) illegal or void.

(l) Notices and Consents. All governmental and third party notifications, filings, waivers, authorizations and Consents necessary or required for the consummation of any of the transactions contemplated by this Agreement or any of the other Contemplated

Transactions or the effectiveness of the Plan, if any, shall have been made or received and shall be in full force and effect.

(m) Representations and Warranties. Each of (i) the representations and warranties of the Debtors in this Agreement (other than the Fundamental Representations) that are not qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all material respects, (ii) the representations and warranties of the Debtors in this Agreement (other than the Fundamental Representations) that are qualified as to "materiality" or "Material Adverse Effect" shall be true and correct, and (iii) the Fundamental Representations shall be true and correct in all respects, in each case of clauses (i), (ii) and (iii), at and as of the Execution Date and as of the Effective Date as if made at and as of the Effective Date (except for representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(n) Covenants. Each of the Debtors shall have complied in all material respects with all covenants in this Agreement and the Restructuring Support Agreement which are applicable to the Debtors.

(o) Transaction Expenses. The Debtors shall have paid all Transaction Expenses that have accrued and remain unpaid as of the Effective Date in accordance with the terms of this Agreement, and no Transaction Expenses shall be required to be repaid or otherwise disgorged to the Debtors or any other Person.

(p) Material Adverse Effect. Since the Execution Date, there shall not have occurred and be continuing any Material Adverse Effect.

(q) Put Option Notes. The Company shall have issued and delivered the Put Option Notes in accordance with Section 1.4, and no portion of the Put Option Notes shall have been invalidated or avoided.

(r) Backstop Certificate. The Backstop Parties shall have received a Backstop Certificate in accordance with Section 1.1(c).

(s) No Registration; Compliance with Securities Laws. No Proceeding shall be pending or threatened by any Governmental Body or other Person that alleges that any of the Specified Issuances is not exempt from the registration and prospectus delivery requirements of Section 5 of the Securities Act.

(t) Officer's Certificate. The Backstop Parties shall have received on and as of the Effective Date a certificate of the chief financial officer or chief accounting officer of the Debtors confirming that the conditions set forth in Sections 6.1(m), 6.1(n) and 6.1(p) hereof have been satisfied.

(u) Assumption of Agreement. The Debtors shall have assumed this Agreement pursuant to section 365 of the Bankruptcy Code or this Agreement shall have otherwise been approved by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code.

(v) Opinions. The Debtors shall have delivered to the Backstop Parties (i) opinions of counsel to the Debtors, dated as of the Effective Date and addressed to the Backstop Parties, addressing such matters that the Requisite Backstop Parties request related to the New First Lien Notes Documents (including the creation, perfection and, with respect to possessory or control collateral, priority of the liens created under the New Security Documents to secure the obligations under the New First Lien Notes Documents), the offer, issuance and sale of the New First Lien Notes (but not an opinion as to the exemption of the offer, issuance and sale of the New First Lien Notes from applicable securities laws), and the transactions contemplated by this Agreement and the other Definitive Documents, and such opinions shall be in form and substance reasonably acceptable to the Requisite Backstop Parties, and (ii) any other agreement, certificate or other documentation reasonably requested by the Requisite Backstop Parties.

(w) Securities of Parent. On the Effective Date, other than (i) the New Equity Interests issued to holders of Allowed Second Lien Notes Claims and holders of Allowed Subordinated Notes Claims pursuant to the Plan, (ii) the New Common Units reserved for issuance upon conversion of the New First Lien Notes in accordance with the New Indenture, (iii) the New Common Units that are reserved for issuance upon exercise of options or other rights to acquire or purchase New Common Units granted by the New Board in connection with the Reorganized NGR Holding Management Incentive Plan in accordance with the Plan, and (iv) equity interests of Subsidiaries of Parent that are owned by Parent or another Subsidiary of Parent, no (x) New Equity Interests or other equity, ownership or profits interests of Parent or any of its Subsidiaries, (y) options, warrants, securities or rights that are or may become exercisable or exchangeable for, or convertible into, New Equity Interests or other equity, ownership or profits interests of Parent or any of its Subsidiaries, or (z) pre-emptive rights, rights of first refusal, subscription and similar rights to acquire any New Equity Interests or other equity, ownership or profits interests of Parent or any of its Subsidiaries, or any options, warrants, securities or rights that are or may become exercisable or exchangeable for, or convertible into, New Equity Interests or other equity, ownership or profits interests of Parent or any of its Subsidiaries, in any such case will be issued, outstanding or in effect.

6.2 **Conditions Precedent to Obligations of the Company.** The obligations of the Company to issue and sell the Backstop Notes to each of the Backstop Parties pursuant to Section 1.3(a) hereof are subject to the following conditions precedent, each of which may be waived in writing by the Company:

(a) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order shall be a Final Order.

(b) Backstop Agreement Order. The Bankruptcy Court shall have entered the Backstop Agreement Order and the Backstop Agreement Order shall be a Final Order.

(c) Conditions to Confirmation and Effectiveness. The conditions to confirmation of the Plan and the conditions to the Effective Date set forth in the Plan shall have been satisfied or waived in accordance with the Plan, and the Effective Date shall have occurred or shall occur simultaneously with the Closing.

(d) Rights Offering. The Rights Offering shall have been conducted and consummated in accordance with the Plan, the Rights Offering Procedures and this Agreement.

(e) No Injunctions or Restraints; Illegality. No temporary restraining order, preliminary or permanent injunction, judgment or other Order preventing the consummation of any of the transactions contemplated by this Agreement or any of the other Contemplated Transactions shall have been entered, issued, rendered or made, nor shall any Proceeding commenced by a Governmental Body seeking any of the foregoing be commenced or pending; nor shall there be any Law promulgated, enacted, entered, enforced or deemed applicable to the Backstop Parties or the Debtors which makes the consummation of any of the transactions contemplated by this Agreement or any of the other Contemplated Transactions (including, without limitation, each of the Specified Issuances) illegal or void.

(f) Representations and Warranties and Covenants. (i) Each of (x) the representations and warranties of each Backstop Party in this Agreement that are not qualified as to "materiality" or "material adverse effect" shall be true and correct in all material respects and (y) the representations and warranties of each Backstop Party that are qualified as to "materiality" or "material adverse effect" shall be true and correct, in each case of clauses (x) and (y), at and as of the Execution Date and as of the Effective Date as if made at and as of the Effective Date (except for representations and warranties made as of a specified date, which shall be true and correct only as of the specified date) and (ii) each Backstop Party shall have complied in all material respects with all covenants in this Agreement applicable to it, except, in each case, to the extent that any Non-Defaulting Backstop Party purchases any Default Notes as a result of any breach of representations, warranties or covenants by a Defaulting Backstop Party pursuant to Section 1.2(c) hereof.

7. **Termination.**

(a) Unless earlier terminated in accordance with the terms of this Agreement, this Agreement (including the Funding Commitments contemplated hereby) shall terminate automatically and immediately, without a need for any further action on the part of (or notice provided to) any Person, upon the earlier to occur of:

(i) the Bankruptcy Court enters an order converting the Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code, appointing a trustee or custodian for any of the Debtors or dismissing the Chapter 11 Cases; and

(ii) the date of any termination of the Restructuring Support Agreement.

(b) This Agreement (including the Funding Commitments contemplated hereby) may be terminated by the Debtors upon the Debtors' giving three (3) Business Days' prior written notice of termination to each Backstop Party, or by the Requisite Backstop Parties upon the Requisite Backstop Parties' giving three (3) Business Days' prior written notice of termination to the Debtors:

(i) if any Order has been entered by any Governmental Body that operates to materially prevent, restrict or alter the implementation of the Plan, the

Rights Offering or the Contemplated Transactions; provided, however, that the right to terminate this Agreement under this Section 7(b)(i) shall not be available to a party if such Order was entered due to the failure of such party to perform any of its obligations under this Agreement;

(ii) if the Bankruptcy Court has entered an Order denying confirmation of the Plan;

(iii) if the Closing shall not occur on or prior to the Outside Date; provided, however, that the right to terminate this Agreement under this Section 7(b)(iii) shall not be available to any party whose failure to perform any of its obligations under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Outside Date; provided, further, that (A) if a Funding Default shall occur and the Outside Date is reached prior to the time that the process for exercising Default Purchase Rights has been exhausted in accordance with Section 1.2(c), then the Debtors shall not be permitted to terminate this Agreement and the transactions contemplated hereby pursuant to this Section 7(d)(iii) until such process has been exhausted and then only if Non-Defaulting Backstop Parties do not elect to commit to purchase all of the Default Notes and (B) the Requisite Backstop Parties shall not be permitted to terminate this Agreement pursuant to this Section 7(b)(iii) for so long as an action by any Debtor against a Defaulting Backstop Party with respect to a Funding Default is pending seeking specific performance with respect to such Defaulting Backstop Party's Funding Commitment and such Debtor is diligently pursuing such action (but not to exceed sixty (60) days following the Outside Date), provided, that the Requisite Backstop Parties shall be permitted to terminate this Agreement pursuant to this Section 7(b)(iii) if any Debtor commences any action against a Non-Defaulting Backstop Party as a result of, in connection with, or relating to, a Funding Default of a Defaulting Backstop Party; or

(iv) if a Funding Default shall occur and Non-Defaulting Backstop Parties do not elect to commit to purchase all of the Default Notes after the process for exercising Default Purchase Rights has been exhausted in accordance with Section 1.2(c); provided, however, that the Requisite Backstop Parties shall not be permitted to terminate this Agreement pursuant to this Section 7(b)(iv) for so long as an action by any Debtor against a Defaulting Backstop Party with respect to a Funding Default is pending seeking specific performance with respect to such Defaulting Backstop Party's Funding Commitment and such Debtor is diligently pursuing such action (but not to exceed sixty (60) days following the Outside Date); provided, further that the Requisite Backstop Parties shall be permitted to terminate this Agreement pursuant to this Section 7(b)(iv) if any Debtor commences any action against a Non-Defaulting Backstop Party as a result of, in connection with, or relating to, a Funding Default of a Defaulting Backstop Party.

(c) This Agreement (including the Funding Commitments contemplated hereby) may be terminated at any time by the Requisite Backstop Parties upon the Requisite Backstop Parties' giving three (3) Business Days' prior written notice of termination to the Debtors (provided, that if the Requisite Backstop Parties terminate this Agreement (including the Funding Commitments contemplated hereby) pursuant to Section 7(c)(viii), then such termination shall occur immediately upon the Requisite Backstop Parties' giving written notice of such termination to the Debtors):

(i) if the Petition Date shall not occur by December 17, 2015;

(ii) if the Company does not file with the Bankruptcy Court (x) an executed copy of this Agreement, together with all of the exhibits and schedules hereto (as redacted pursuant to Section 4.1 hereof), and (y) the Backstop Agreement Motion within one (1) calendar day of the Petition Date;

(iii) if the Bankruptcy Court does not enter the Backstop Agreement Order on or prior to thirty (30) calendar days after the Petition Date;

(iv) if (x) any of the Debtors shall have breached or failed to perform any of its representations, warranties, covenants or other obligations contained in this Agreement, or any representation or warranty of any of the Debtors in this Agreement shall have become untrue, and (y) any such breach, failure to perform or occurrence referred to in clause (x) above (A) would result in a failure of a condition set forth in Section 6.1(m) or Section 6.1(n) and (B) is not curable or able to be performed by the Outside Date, or, if curable or able to be performed by the Outside Date, is not cured or performed within five (5) Business Days after the Company's obtaining knowledge of such breach, failure or occurrence;

(v) if any of the conditions set forth in Section 6.1 hereof become incapable of fulfillment prior to the Outside Date (other than through the failure of the Backstop Parties to comply with their obligations);

(vi) if any of the Debtors (including its officers, managers, employees, agents or other representatives) (x) enters into, or shall have publicly announced its intention (including by means of any filings made with any Governmental Body) to enter into, an agreement (including, without limitation, any agreement in principle, letter of intent, memorandum of understanding or definitive agreement), whether binding or non-binding, or whether subject to terms and conditions, with respect to any Alternative Transaction, (y) files any pleading or document with the Bankruptcy Court agreeing to, evidencing its intention to support, or otherwise supports, any Alternative Transaction or (z) consummates any Alternative Transaction;

(vii) if (A) an "Event of Default" (as defined in the applicable order of the Bankruptcy Court approving the DIP Credit Agreement) shall occur and be continuing and not waived under the DIP Credit Agreement after expiration of

any applicable cure period provided therein or (B) the DIP Facility terminates or all amounts due thereunder are repaid other than on the Effective Date; or

(viii) if the Requisite Backstop Parties shall be unsatisfied at any time and for any reason whatsoever with the results of their due diligence review of the Debtors or their assets (including Oil and Gas Assets), liabilities, Contracts, books, records, projections, forecasts, plans, operations, businesses, condition (financial or otherwise) and/or prospects. It is hereby understood and agreed by the Debtors that the right of the Requisite Backstop Parties to terminate this Agreement pursuant to this Section 7(c)(viii) shall not be limited, impaired or waived by virtue of any knowledge on the part of any of the Backstop Parties or any of their respective advisors, consultants, agents or representatives of any facts, changes, effects, events, occurrences, circumstances, state of facts or developments, whether such knowledge was obtained before or after the Execution Date. The right of the Requisite Backstop Parties to terminate this Agreement pursuant to this Section 7(c)(viii) shall terminate, and this Section 7(c)(viii) shall be of no further force or effect, at the Expiration Time if the Requisite Backstop Parties or their counsel have not given written notice of termination of this Agreement to the Debtors in accordance with this Section 7(c)(viii) prior to the Expiration Time. The Requisite Backstop Parties or their counsel shall be permitted to give a notice of termination pursuant to this Section 7(c)(viii) by filing a notice of termination of (or a notice of its desire or intent to terminate) this Agreement with the Bankruptcy Court and such notice shall be deemed given to the Debtors on the date and at the time at which such notice is entered onto the docket of the Chapter 11 Cases. In addition, if a written notice of termination pursuant to this Section 7(c)(viii) is given by the Requisite Backstop Parties or their counsel to the Debtors' counsel set forth under the phrase "with a copy to" in Section 11(b) at the address, facsimile number or e-mail address of such counsel set forth in Section 11(b) or, if such counsel is physically located at a different address or location at the time such notice of termination is given, at such different address or location (in which case, such different address or location shall be deemed a proper address for purposes of Section 11), then such notice of termination shall be deemed given to the Debtors on the date and at the time such notice is given to such counsel in accordance with Section 11. Each method of giving notice of termination set forth in the two immediately preceding sentences shall be an alternative method of giving notice of termination pursuant to this Section 7(c)(viii) and shall not prevent the Requisite Backstop Parties from giving notice of termination by any other method allowed by this Agreement.

(d) This Agreement (including the Funding Commitments contemplated hereby) may be terminated at any time by the Debtors upon the Debtors' giving of three (3) Business Days' prior written notice of termination to the Backstop Parties if (i) any of the Backstop Parties shall have breached or failed to perform any of their respective representations, warranties, covenants or other obligations contained in this Agreement, or any representation or warranty of any of the Backstop Parties in this Agreement shall have become untrue, and (ii) any such breach, failure to perform or occurrence referred to in clause (i) above (x) would result in a failure of a condition set forth in Section 6.2(f) and (y) is not curable or able to be performed by

the Outside Date, or, if curable or able to be performed by the Outside Date, is not cured or performed within five (5) Business Days after the Requisite Backstop Parties' obtaining knowledge of such breach, failure or occurrence; provided, however, that if a Funding Default shall occur, the Debtors shall not be permitted to terminate this Agreement and the transactions contemplated hereby pursuant to this Section 7(d) unless Non-Defaulting Backstop Parties do not elect to commit to purchase all of the Default Notes after the process for exercising Default Purchase Rights has been exhausted in accordance with Section 1.2(c).

(e) This Agreement (including the Funding Commitments contemplated hereby) may be terminated at any time by written consent of the Debtors and the Requisite Backstop Parties.

(f) In the event of a termination of this Agreement in accordance with this Section 7 at a time after all or any portion of the Purchase Price for Backstop Notes has been deposited into the Escrow Account by any of the Backstop Parties, the Backstop Parties that have deposited such Purchase Price (or portion thereof) shall be entitled to the return of such amount. In such a case, the Backstop Parties and the Debtors hereby agree to execute and deliver to the Escrow Agent, promptly after the effective date of any such termination (but in any event no later than two (2) Business Days after any such effective date), a letter instructing the Escrow Agent to pay to each applicable Backstop Party, by wire transfer of immediately available funds to an account designated by such Backstop Party, the amount of Purchase Price that such Backstop Party is entitled to receive pursuant to this Section 7(f).

(g) In the event of a termination of this Agreement in accordance with this Section 7, the provisions of this Agreement shall immediately become void and of no further force or effect (other than Sections 1.5, 1.6, 1.7, 7, 8, 10, 11, 12 and 13 hereof (and any defined terms used in any such Sections), and other than in respect of any liability of any party for any breach of this Agreement prior to such termination, which shall in each case expressly survive any such termination).

(h) Each Debtor hereby acknowledges and agrees and shall not dispute that after the Petition Date the giving of notice of termination by the Requisite Backstop Parties pursuant to this Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code (and each Debtor hereby waives, to the greatest extent possible, the applicability of the automatic stay to the giving of such notice).

8. **Indemnification.**

8.1 **Indemnification Obligations**. Whether or not the transactions contemplated by this Agreement or any of the other Contemplated Transactions are consummated, the Debtors hereby agree, jointly and severally, to indemnify and hold harmless each of the Backstop Parties and each of their respective Affiliates, Related Funds, stockholders, equity holders, members, partners, managers, officers, directors, employees, attorneys, accountants, financial advisors, consultants, agents, advisors and controlling persons (each, in such capacity, an "Indemnified Party") from and against any and all losses, claims, damages, liabilities and expenses, joint or several, imposed on, sustained, incurred or suffered by, or asserted against, any Indemnified Party as a result of or arising out of or related to, directly or

indirectly, this Agreement, the Funding Commitments, the Rights Offering, any of the transactions contemplated by this Agreement or any of the other Contemplated Transactions, or any breach by any Debtor of any of its representations, warranties and/or covenants set forth in this Agreement, or any claim, litigation, investigation or other Proceeding relating to or arising out of any of the foregoing, regardless of whether any such Indemnified Party is a party thereto, and to reimburse each such Indemnified Party for the reasonable and documented legal or other out-of-pocket costs and expenses as they are incurred in connection with investigating, monitoring, responding to or defending any of the foregoing (collectively, "Losses"); provided, that the foregoing indemnification will not, as to any Indemnified Party, apply to Losses that are (a) caused by a Funding Default of such Indemnified Party, or (b) to the extent they are determined by a final, non-appealable decision by a court of competent jurisdiction to arise from (i) any act by such Indemnified Party that constitutes fraud, gross negligence or willful misconduct or (ii) the breach by such Indemnified Party of its obligations under this Agreement or the Restructuring Support Agreement (clauses (a) and (b), the "Loss Exceptions"). If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold it harmless, then the Debtors shall contribute to the amount paid or payable by such Indemnified Party as a result of such Loss in such proportion as is appropriate to reflect not only the relative benefits received by the Debtors on the one hand and such Indemnified Party on the other hand but also the relative fault of the Debtors, on the one hand, and such Indemnified Party, on the other hand, as well as any relevant equitable considerations. The Debtors also agree that no Indemnified Party shall have any liability based on its exclusive or contributory negligence or otherwise to the Debtors, any Person asserting claims on behalf of or in right of the Debtors, or any other Person in connection with or as a result of this Agreement, the Funding Commitments, the Rights Offering, the Definitive Documents, the Plan (or the solicitation thereof), the Chapter 11 Cases or the transactions contemplated hereby or thereby or any of the other Contemplated Transactions, except as to any Indemnified Party to the extent that Loss incurred by the Debtors resulted from the Loss Exceptions. The terms set forth in this Section 8 shall survive termination of this Agreement and shall remain in full force and effect regardless of whether the transactions contemplated by this Agreement or any of the other Contemplated Transactions are consummated. The indemnity and reimbursement obligations of the Debtors under this Section 8 are in addition to, and do not limit, the Debtors' obligations under Sections 1.5 and 1.6 hereof.

8.2 **Indemnification Procedures.** Promptly after receipt by an Indemnified Party of notice of the commencement of any claim, challenge, litigation, investigation or other Proceeding which might give rise to indemnification hereunder (an "Indemnified Claim") by any Person, such Indemnified Person will, if a claim is to be made hereunder against any of the Debtors (referred to for purposes of this Section 8 as the "Indemnifying Party") in respect thereof, notify promptly the Indemnifying Party in writing of the commencement thereof; provided, that the omission or delay to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have hereunder except to the extent (and solely to the extent) it has been materially prejudiced in its ability to defend the Indemnified Claim as a result of such failure or delay. In case any such Indemnified Claims are brought against any Indemnified Party and such Indemnified Party notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein at its sole cost and expense (but the Indemnified Party shall control the defense of such Indemnified Claim if the Indemnifying Party does not have the right to assume, or does not timely assume, the

defense thereof in accordance with this Section 8), and, to the extent that such Indemnifying Party may elect by written notice delivered to such Indemnified Party no later than thirty (30) days after receipt of notice of the Indemnified Claim (but in any event at least ten (10) days before a response to such Indemnified Claim is due), to assume the defense thereof (with counsel reasonably satisfactory to the Indemnified Party); provided, that the Indemnifying Party shall not have the right to assume the defense of any Indemnified Claim unless (a) the Indemnifying Party shall have expressly agreed in writing that, as between the Indemnifying Party and the Indemnified Party, the Indemnifying Party shall be solely obligated, subject in all respects to the Loss Exceptions, to satisfy and discharge such Indemnified Claim, (b) such Indemnified Claim involves only money damages and does not seek an injunction or other equitable relief against the Indemnified Party, (c) the Indemnified Party has not been advised by counsel that an actual or potential conflict exists between the Indemnified Party and the Indemnifying Party in connection with the defense of the Indemnified Claim, and (d) the Indemnified Claim does not relate to or otherwise arise in connection with any criminal or regulatory enforcement Action Proceeding. Upon receipt of notice from the Indemnifying Party to such Indemnified Party of its election to so assume the defense of such Indemnified Claims, the Indemnifying Party shall not be liable to such Indemnified Party for expenses incurred by such Indemnified Party after the date of the receipt of such notice in connection with the defense thereof (other than reasonable costs of investigation) unless (x) the Indemnifying Party is not permitted to assume the defense of such Indemnified Claims in accordance with the proviso to the immediately preceding sentence, (y) the Indemnifying Party shall have failed or is failing to diligently defend such Indemnified Claim, and is provided written notice of such failure by the Indemnified Party and such failure is not reasonably cured within five (5) Business Days of receipt of such notice, or (z) the Indemnifying Party shall have authorized in writing the employment of counsel for such Indemnified Party. If the Indemnifying Party assumes (and has a right to assume) the defense of an Indemnified Claim in accordance with this Section 8, the Indemnified Party shall be permitted to participate in any such defense at its own expense. The Debtors shall not be liable for the expenses of more than one counsel (plus any local counsel) representing the Indemnified Parties who are parties to the same Indemnified Claim.

8.3 **Settlement of Indemnified Claims.** In connection with any Indemnified Claim for which an Indemnified Party assumes (and has a right to assume) the defense in accordance with this Section 8, the Indemnifying Party shall not be liable for any settlement of any Indemnified Claims effected by the Indemnified Party without written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed). The Indemnifying Party shall not, without the prior written consent of an Indemnified Party, effect any settlement of any pending or threatened Indemnified Claims in respect of which indemnity or contribution has been sought hereunder by such Indemnified Party unless such settlement (x) includes an unconditional release of such Indemnified Party in form and substance reasonably satisfactory to such Indemnified Party from all liability on the claims that are the subject matter of such Indemnified Claims, (y) provides for the payment by the Indemnifying Party of money as sole relief for the claimant, and (z) does not include any statement as to, or any finding or admission of, any fault, culpability or a failure to act by or on behalf of any Indemnified Party.

9. **Survival of Representations and Warranties.** No representations, warranties, covenants or agreements made in this Agreement by any Debtor shall survive the Effective Date

except for covenants and agreements that by their terms are to be satisfied after the Effective Date, which covenants and agreements shall survive until satisfied in accordance with their terms.

10. **Amendments and Waivers.** Any term of this Agreement may be amended or modified and the compliance with any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only if such amendment, modification or waiver is signed, in the case of an amendment or modification, by the Requisite Backstop Parties and the Debtors, or in the case of a waiver, by the Requisite Backstop Parties (if compliance by the Debtors is being waived) or by the Debtors (if compliance by any of the Backstop Parties is being waived); provided, however, that (a) Schedule 1 hereto may be amended in accordance with the terms of Section 12.1 hereof, (b) any amendment or modification to this Agreement that would have the effect of changing the Backstop Commitment Percentage or the Backstop Commitment Amount of any Backstop Party shall require the prior written consent of such Backstop Party unless otherwise expressly contemplated by this Agreement, (c) any amendment or modification to (i) the definition of "Purchase Price," (ii) the allocation of the Put Option Notes among the Backstop Parties as set forth in Section 1.4 and (iii) the proviso set forth in the first sentence of Section 1.2(a) shall require the prior written consent of each Backstop Party adversely affected thereby, and (d) any amendment, modification or waiver to this Agreement that would materially adversely affect the rights or increase the obligations of any Backstop Party under this Agreement in a manner that is disproportionate in any material respect to the comparable rights and obligations of the Requisite Backstop Parties under this Agreement shall require the prior written consent of such Backstop Party. No delay on the part of any party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any party of any right, power or privilege pursuant to this Agreement, or any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at law or in equity.

11. **Notices, etc.** Except as otherwise provided in this Agreement (including Section 7(c)(viii)), all notices, requests, demands, document deliveries and other communications under this Agreement shall be in writing and shall be deemed to have been duly given, provided, made or received (a) when delivered personally, (b) when sent by electronic mail ("e-mail") or facsimile, (c) one (1) Business Day after deposit with an overnight courier service or (d) three (3) Business Days after mailed by certified or registered mail, return receipt requested, with postage prepaid to the parties at the following addresses, facsimile numbers or e-mail addresses (or at such other address, facsimile number or e-mail address for a party as shall be specified by like notice):

(a) if to a Backstop Party, to the address, facsimile number or e-mail address for such Backstop Party set forth on Schedule 1 hereto,

with a copy to:

Stroock & Stroock & Lavan LLP

180 Maiden Lane
New York, NY 10038

Attention: Kristopher M. Hansen, Esq.
Erez Gilad, Esq.
Fax: (212) 806-6006
Email: khansen@stroock.com
egilad@stroock.com

(b) If to the Debtors at:

NGR Holding Company LLC
10441 S. Regal Boulevard, Suite 210
Tulsa, Oklahoma 74133
New Gulf Resources, LLC
Attention: Madeline J. Taylor
Erik Feighner
Email: mtaylor@newgulfresources.com
efeighner@newgulfresources.com

with a copy to:

Baker Botts L.L.P.
2001 Ross Avenue
Suite 600
Dallas, Texas 75201
Attention: Luckey McDowell
Email: luckey.mcdowell@bakerbotts.com

12. **Miscellaneous.**

12.1 **Assignments.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any of the parties (whether by operation of Law or otherwise) without the prior written consent of the Company and the Requisite Backstop Parties. Notwithstanding the immediately preceding sentence, any Backstop Party's rights, obligations or interests hereunder may be freely assigned, delegated or transferred, in whole or in part, by such Backstop Party, to (a) any other Backstop Party, (b) any Affiliate of a Backstop Party, (c) any Related Fund of a Backstop Party or (d) any other Person not referred to in clause (a), clause (b) or clause (c) above so long as such Person is approved in writing by the Requisite Backstop Parties prior to such assignment, delegation or transfer (for purposes of this clause (d), the Backstop Party proposing to make such assignment, delegation or transfer, and all of its Affiliates and Related Funds, shall be deemed to be Defaulting Backstop Parties for purposes of determining whether clause (a) of the definition of "Requisite Backstop Parties" has been satisfied); provided, that (x) any such assignee assumes the obligations of the assigning Backstop Party hereunder and agrees in writing prior to such assignment to be bound by the terms hereof in the same manner as the assigning Backstop Party,

(y) any assignee of a Backstop Commitment must be an Accredited Investor and (z) no Backstop Party shall be permitted to assign its Primary Commitment. Following any assignment described in the immediately preceding sentence, Schedule 1 hereto shall be updated by the Debtors (in consultation with the assigning Backstop Party and the assignee) solely to reflect the name and address of the applicable assignee or assignees and the Backstop Commitment Percentage and the Backstop Commitment Amount that shall apply to such assignee or assignees, and any changes to the Backstop Commitment Percentage and the Backstop Commitment Amount applicable to the assigning Backstop Party. Any update to Schedule 1 hereto described in the immediately preceding sentence shall not be deemed an amendment to this Agreement. Notwithstanding the foregoing or any other provisions herein, unless otherwise agreed in any instance by the Company and the other Backstop Parties, no such assignment will relieve the assigning Backstop Party of its obligations hereunder if any such assignee fails to perform such obligations. If any Backstop Party transfers or assigns any of its Second Lien Notes after the Execution Date and prior to the Rights Offering Record Date, then such Backstop Party shall cause such transferee or assignee to participate in the Rights Offering with respect to the Second Lien Notes so transferred or assigned.

12.2 **Severability.** If any provision of this Agreement, or the application of any such provision to any Person or circumstance, shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision hereof and this Agreement shall continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon any such determination of invalidity, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

12.3 **Entire Agreement.** Except as expressly set forth herein, this Agreement and the Restructuring Support Agreement constitute the entire understanding among the parties hereto with respect to the subject matter hereof and replace and supersede all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof; provided, however, that any non-disclosure and confidentiality agreement between any Debtor and any Backstop Party shall survive the execution and delivery of this Agreement in accordance with its terms.

12.4 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be an original, and all of which, when taken together, will constitute one agreement. Delivery of an executed counterpart of this Agreement by facsimile or portable document format (PDF) will be effective as delivery of a manually executed counterpart of this Agreement.

12.5 **Governing Law**. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES HERETO SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF EXCEPT

SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK.

12.6 **Submission to Jurisdiction.** Each party to this Agreement hereby (a) consents to submit itself to the personal jurisdiction of the Bankruptcy Court, the federal court of the Southern District of New York or any state court located in New York County, State of New York in the event any dispute arises out of or relates to this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, including, without limitation, a motion to dismiss on the grounds of forum non conveniens, and (c) agrees that it will not bring any action arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the Bankruptcy Court, the federal court of the Southern District of New York or any state court located in New York County, State of New York; provided, however, that during the pendency of the Chapter 11 Cases, all such actions shall be brought in the Bankruptcy Court; provided further that if the Bankruptcy Court lacks jurisdiction, the parties consent and agree that such actions or disputes shall be brought in another court referenced in clause (a) of this Section 12.6.

12.7 **Waiver of Trial by Jury; Waiver of Certain Damages.** EACH PARTY HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by Law, the parties hereby waive any right which they may have to claim or recover in any action or claim referred to in the immediately preceding sentence any special, exemplary or punitive damages or any damages other than, or in addition to, (i) actual damages or (ii) consequential damages that are the natural, probable and reasonably foreseeable consequence of the relevant event or other matter that is the subject of such action or claim. Each of the parties (a) certifies that none of the other parties nor any Representative thereof has represented, expressly or otherwise, that such parties would not, in the event of litigation, seek to enforce the foregoing waivers and (b) acknowledges that, in entering into this Agreement, the other parties are relying upon, among other things, the waivers and certifications contained in this Section 12.7.

12.8 **Specific Performance.** The Debtors and the Backstop Parties acknowledge and agree that (a) irreparable damage would occur in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, and (b) remedies at law would not be adequate to compensate the non-breaching party. Accordingly, the Debtors and the Backstop Parties agree that each of them shall have the right, in addition to any other rights and remedies existing in its favor, to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce its rights and obligations hereunder not only by an action or actions for damages but also by an action or actions for specific performance, injunctive and/or other equitable relief. The right to equitable relief, including specific performance or injunctive relief, shall exist notwithstanding, and shall not be limited by, any other provision of this Agreement. Each of the Debtors and each of the Backstop Parties hereby waives any defense that a remedy at law is adequate and any requirement to post bond or other security in connection with actions instituted for injunctive relief, specific performance or other equitable remedies.

12.9 **Further Assurances.** From time to time after the Execution Date, the parties hereto will execute, acknowledge and deliver to the other parties hereto such other documents, instruments and certificates, and will take such other actions, as any other party hereto may reasonably request in order to consummate the transactions contemplated by this Agreement.

12.10 **Headings.** The headings in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

12.11 **Interpretation; Rules of Construction.** When a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or Exhibit or Schedule to, this Agreement unless otherwise indicated. Unless the context of this Agreement otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; and (d) the words "include", "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation". The parties hereto agree that they have been represented by legal counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any regulation, holding, rule of construction or Law providing that ambiguities in an agreement or other document shall be construed against the party drafting such agreement or document.

12.12 **Several, Not Joint, Obligations**. The representations, warranties, covenants and other obligations of the Backstop Parties under this Agreement are, in all respects, several and not joint or joint and several, such that no Backstop Party shall be liable or otherwise responsible for any representations, warranties, covenants or other obligations of any other Backstop Party, or any breach or violation thereof.

12.13 **Disclosure**. Unless otherwise required by applicable Law, the Debtors will not, without each of the Backstop Parties' prior written consent, disclose to any Person the Backstop Commitment Percentage and the Backstop Commitment Amount of each Backstop Party, except for (a) disclosures to the Debtors' Representatives in connection with the transactions contemplated hereby and subject to their agreement to be bound by the confidentiality provisions hereof and (b) disclosures to parties to this Agreement solely for purposes of calculating the Adjusted Commitment Percentage of a Non-Defaulting Backstop Party; provided, however, that each Backstop Party agrees to permit disclosure in the Disclosure Statement and any filings by the Debtors with the Bankruptcy Court regarding the aggregate Backstop Commitments.

12.14 **No Recourse Party**. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that certain of the Backstop Parties may be partnerships or limited liability companies, the Debtors and the Backstop Parties covenant, agree and acknowledge that no recourse under this Agreement shall be had against any former, current or future directors, officers, agents, Affiliates, general or limited partners, members, managers, employees, stockholders or equity holders of any Backstop Party, or any former, current or future directors, officers, agents, Affiliates, employees, general or limited partners, members, managers, employees, stockholders or equity holders of any of the foregoing, as such

(any such Person, a "No Recourse Party"), whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable Law, it being expressly agreed and acknowledged that no liability whatsoever shall attach to, be imposed on or otherwise be incurred by any No Recourse Party for any obligation of any Backstop Party under this Agreement for any claim based on, in respect of or by reason of such obligations or their creation; provided, that nothing in this Section 12.14 shall relieve the Backstop Parties of their obligations under this Agreement.

12.15 **Settlement Discussions**. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any Proceeding other than a Proceeding to enforce the terms of this Agreement.

12.16 **No Third Party Beneficiaries**. This Agreement is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any Person other than the parties hereto and other than (a) the Indemnified Parties with respect to Section 8 hereof and (b) the No Recourse Parties with respect to Section 12.14 hereof.

13. **Definitions.**

13.1 **Certain Defined Terms.** As used in this Agreement the following terms have the following respective meanings:

Accredited Investor: means an "accredited investor" as such term is defined in Rule 501 under the Securities Act.

Adjusted Commitment Percentage: means, with respect to any Non-Defaulting Backstop Party, a percentage expressed as a fraction, the numerator of which is the Backstop Commitment Percentage of such Non-Defaulting Backstop Party and the denominator of which is the Backstop Commitment Percentages of all Non-Defaulting Backstop Parties.

Affiliate: means, with respect to any Person, any other Person that directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by Contract or otherwise).

Affiliated Group: has the meaning given to such term in Section 1504(a) of the Code.

Aggregate Purchase Price: has the meaning given to such term in Section 1.2(b) hereof.

Agreement: has the meaning given to such term in the preamble hereof.

Allowed Second Lien Notes Claim: has the meaning given to such term in the Plan.

Alternative Transaction: means any dissolution, winding up, liquidation, reorganization, recapitalization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale, financing (debt or equity) or restructuring of any Debtor, other than the restructuring transactions for the Debtors in accordance with, and subject to the terms and conditions set forth in, the Exhibit Plan.

Approvals: means all approvals and authorizations that are required under the Bankruptcy Code for the Debtors to take corporate or limited liability company (as applicable) action.

Audited Financial Statements: has the meaning given to such term in Section 2.17 hereof.

Backstop Agreement Motion: has the meaning given to such term in Section 4.1 hereof.

Backstop Agreement Order: has the meaning given to such term in Section 4.1 hereof.

Backstop Certificate: has the meaning given to such term in Section 1.1(c) hereof.

Backstop Commitment: means, with respect to any Backstop Party, the commitment of such Backstop Party, subject to the terms and conditions set forth in this Agreement, to purchase Backstop Commitment Notes pursuant to, and on the terms set forth in, Section 1.2(a) hereof; and "Backstop Commitments" means the Backstop Commitments of all of the Backstop Parties collectively.

Backstop Commitment Amount: means, with respect to any Backstop Party, the dollar amount set forth opposite the name of such Backstop Party under the heading "Backstop Commitment Amount" on Schedule 1 hereto, as such amount may be modified from time to time in accordance with the terms of this Agreement.

Backstop Commitment Notes: has the meaning given to such term in Section 1.2(a) hereof.

Backstop Commitment Percentage: means, with respect to any Backstop Party, the percentage set forth opposite the name of such Backstop Party under the heading "Backstop Commitment Percentage" on Schedule 1 hereto, as such percentage may be modified from time to time in accordance with the terms hereof.

Backstop Notes: has the meaning given to such term in Section 1.2(c) hereof.

Backstop Party(ies): has the meaning given to such term in the preamble hereof.

Bankruptcy Code: has the meaning given to such term in the recitals hereof.

Bankruptcy Court: has the meaning given to such term in the recitals hereof.

Bankruptcy Rules: means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as

amended from time to time, applicable to the Chapter 11 Cases and/or the transactions contemplated by this Agreement, and any Local Rules of the Bankruptcy Court.

Benefit Plan(s): has the meaning given to such term in Section 2.12(a) hereof.

Bribery Laws: has the meaning given to such term in Section 2.13 hereof.

Business Day: means any day other than a Saturday, Sunday or other day on which commercial banks in New York City, New York are authorized or required by Law to be closed.

Chapter 11 Cases: has the meaning given to such term in the recitals hereof.

Closing: has the meaning given to such term in Section 1.3(a) hereof.

Code: has the meaning given to such term in Section 2.12(a) hereof.

Company: has the meaning given to such term in the preamble hereof.

Confirmation Order: means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

Consent: means any consent, waiver, approval, order or authorization of, or registration, declaration or filing with or notice to, any Governmental Body or other Person.

Contemplated Transactions: means all of the transactions contemplated by this Agreement, the Restructuring Support Agreement and/or the Plan.

Contract: means any written agreement, contract, obligation, promise, undertaking or understanding.

Debtor IP Rights: has the meaning given to such term in Section 2.9(a) hereof.

Debtor IT Systems: has the meaning given to such term in Section 2.9(b) hereof.

Debtor(s): has the meaning given to such term in the preamble hereof.

Debtor Disclosure Schedule: has the meaning given to such term in Section 2 hereof.

Default Notes: has the meaning given to such term in Section 1.2(c) hereof.

Default Purchase Right: has the meaning given to such term in Section 1.2(c) hereof.

Defaulting Backstop Party: has the meaning given to such term in Section 1.2(c) hereof.

Defensible Title: means record title that (a) entitles the applicable Person to receive and retain without suspension, reduction or termination, throughout the duration of any Oil and Gas Lease or the productive life of any well (in each case after satisfaction of all royalties, overriding royalties, nonparticipating royalties, net profits interests or other similar burdens on or measured by production of Hydrocarbons), not less than the "Net Revenue Interest" share reflected in the

Reserve Report of all Hydrocarbons produced, saved and marketed from such well; (b) obligates such Person to bear a percentage of the costs and expenses for the maintenance and development of, and operations relating to, any Oil and Gas Lease or well not greater than the "Working Interest" reflected in the Reserve Report without increase throughout the duration of such lease or well, unless such greater working interests is accompanied by a proportionate increase in such Person's "Net Revenue Interest" reflected in the Reserve Report for such Oil and Gas Lease or related well; (c) is free and clear of all Encumbrances other than Permitted Encumbrances; and (d) is free of any imperfections that a reasonably prudent operator of Oil & Gas Leases, advised of the facts and their legal significance, would not be willing to accept.

Definitive Documents: has the meaning given to such term in the Restructuring Support Agreement, including the New First Lien Notes Documents and each certificate, agreement, instrument or document that any Debtor is required to execute and/or deliver in connection with the Restructuring Support Agreement, this Agreement and the consummation of the Contemplated Transactions.

Deposit Deadline: has the meaning given to such term in Section 1.2(b) hereof.

Determination Date: has the meaning given to such term in Section 1.1(c) hereof.

DIP Credit Agreement: means the credit agreement that governs the DIP Facility.

DIP Facility: has the meaning given to such term in the Restructuring Support Agreement.

Disclosure Statement: means the disclosure statement that relates to the Plan, as such disclosure statement may be amended, modified or supplemented (including all exhibits and schedules annexed thereto or referred to therein).

Disclosure Statement Motion: means a motion to be filed by the Debtors seeking entry of the Disclosure Statement Order.

Disclosure Statement Order: has the meaning given to such term in Section 6.1(d) hereof.

Drilling Program Summary: has the meaning given to such term in Section 2.16(j) hereof.

DTC: has the meaning given to such term in Section 1.3(a) hereof.

Effective Date: means the first Business Day on which all conditions to the "Effective Date" set forth in Article XI.A of the Plan have been satisfied or waived, and no stay of the Confirmation Order is in effect.

Encumbrance: means any charge, claim, community property interest, condition, equitable interest, lien, option, pledge, security interest, right of first refusal or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

Environmental Laws: means all applicable Laws and Orders relating to pollution or the regulation and protection of human or animal health, safety, the environment or natural resources, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.); the Hazardous Materials Transportation Uniform Safety Act, as amended (49 U.S.C. 5101 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. § 136 et seq.); the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 et seq.); the Oil Pollution Act of 1990, as amended (33 U.S.C. § 2701 et seq.); the Toxic Substances Control Act, as amended (15 U.S.C. § 2601 et seq.); the Clean Air Act, as amended (42 U.S.C. § 7401 et seq.); the Federal Water Pollution Control Act, as amended (33 U.S.C. § 1251 et seq.); the Occupational Safety and Health Act, as amended (29 U.S.C. § 651 et seq.); the Safe Drinking Water Act, as amended (42 U.S.C. § 300f et seq.); and their state, municipal and local counterparts or equivalents and any transfer of ownership notification or approval statutes.

ERISA: means the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate(s): means any entity which is a member of any Debtor's controlled group, or under common control with any Debtor, within the meaning of Section 414 of the Code.

Escrow Account: has the meaning given to such term in Section 1.2(b) hereof.

Escrow Agreement: has the meaning given to such term in Section 1.2(b) hereof.

Exchange Act: means the Securities Exchange Act of 1934, as amended, and the rules promulgated pursuant thereto.

Execution Date: has the meaning given to such term in Section 1.5 hereof.

Exhibit Disclosure Statement: means the form of the Disclosure Statement attached as Exhibit D hereto.

Exhibit Plan: means the form of the Plan attached as Exhibit A hereto.

Expiration Time: means the date and time immediately prior to the actual commencement of the hearing in the Bankruptcy Court to consider the Backstop Agreement Motion; provided, however, that the Expiration Time shall not occur on or before January 16, 2016.

Final Order: means an Order issued by the Bankruptcy Court in the Chapter 11 Cases which (a) is in full force and effect, (b) is not stayed, and (c) is no longer subject to review, reversal, modification or amendment, by appeal or writ of certiorari or otherwise; provided, however, that the possibility that a motion under Rule 50 or 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Civil Procedure or Bankruptcy Rules, may be filed relating to such Order shall not cause such Order not to be deemed a Final Order.

Financial Reports: has the meaning given to such term in Section 4.8 hereof.

Financial Statements: has the meaning given to such term in Section 2.17 hereof.

Fundamental Representations: means the representations and warranties of the Debtors set forth in Sections 2.1, 2.2, 2.3(a), 2.5, 2.6 and 2.7.

Funding Commitments: means, collectively, the Backstop Commitments and the Primary Commitments.

Funding Default: has the meaning given to such term in Section 1.2(c) hereof.

GAAP: means generally accepted accounting principles in the United States, as in effect from time to time.

Governmental Authorization: means any authorization, approval, consent, license, registration, lease, ruling, permit, tariff, certification, order, privilege, franchise, membership, entitlement, exemption, filing or registration by, with, or issued by, any Governmental Body.

Governmental Body: means any federal, national, supranational, foreign, state, provincial, local, county, municipal or other government, any governmental, regulatory or administrative authority, agency, department, bureau, board, commission or official or any quasi-governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority, or any court, tribunal, judicial or arbitral body.

Halcon Purchase Agreement: means that certain Purchase and Sale Agreement, dated as of February 25, 2014, by and among the Company and the parties thereto as "Sellers" therein, as amended, supplemented or otherwise modified from time to time.

Hydrocarbon Interests: means all rights, titles, interests and estates now owned or held or hereafter acquired by any Debtor in and under any Oil and Gas Lease.

Hydrocarbons: means oil, gas, casinghead gas, drip gasoline, natural gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, natural gas liquids, and other gaseous and liquid hydrocarbons or any combination thereof and sulphur and other minerals extracted from or produced with the foregoing and all products refined or separated therefrom.

Imbalance(s): means any over-production, under-production, overdelivery, under-delivery or similar imbalance of Hydrocarbons produced from or allocated to the Oil and Gas Assets, regardless of whether such over-production, under-production, over-delivery, underdelivery or similar imbalance arises at the wellhead or at any point of receipt into or any point of delivery from any pipeline, gathering system, transportation system, processing plant or other location.

Indemnified Claim: has the meaning given to such term in Section 8.2 hereof.

Indemnified Party: has the meaning given to such term in Section 8.1 hereof.

Indemnifying Party: has the meaning given to such term in Section 8.2 hereof.

Initial Transaction Expenses: has the meaning given to such term in Section 1.5 hereof.

Insurance Policies: has the meaning given to such term in Section 2.21 hereof.

Interest Commencement Date: has the meaning given to such term in Section 1.7 hereof.

IP Rights: has the meaning given to such term in Section 2.9(a) hereof.

IRS: means the Internal Revenue Service.

IT Systems: has the meaning given to such term in Section 2.9(b) hereof.

Knowledge of the Debtors: means the collective knowledge, after reasonable and due inquiry, of Ralph Hill, Danni Morris, Erik Feighner, Scott Hakel, Madeline Taylor, Craig Young and Michael Brown. A reference to the word "knowledge" (whether or not capitalized) or words of a similar nature with respect to the Debtors means the Knowledge of the Debtors as defined in this definition.

Law: means any federal, national, supranational, foreign, state, provincial, local, county, municipal or similar statute, law, common law, writ, injunction, decree, guideline, policy, ordinance, regulation, rule, code, Order, Governmental Authorization, constitution, treaty, requirement, judgment or judicial or administrative doctrines enacted, promulgated, issued, enforced or entered by any Governmental Body.

Liquidated Damages Payment: has the meaning given to such term in Section 1.6 hereof.

Loss Exceptions: has the meaning given to such term in Section 8.1 hereof.

Losses: has the meaning given to such term in Section 8.1 hereof.

Material Adverse Effect: means any event, change, effect, occurrence, development, or change of fact that has, or would reasonably be expected to have, a material adverse effect on the business, results of operations, financial condition, assets or liabilities of the Debtors, taken as a whole; provided, however, that "Material Adverse Effect" shall not include any event, change, effect, occurrence, development, or change of fact arising out of, resulting from or relating to (a) the commencement or existence of the Chapter 11 Cases, (b) the announcement of the Plan and the Contemplated Transactions, (c) compliance by any Debtor with the covenants and agreements contained herein or in the Restructuring Support Agreement or in the Plan, (d) any change in the Laws of general applicability or interpretations thereof by any courts or other Governmental Bodies, (e) any action or omission of a Debtor taken with the prior written consent of the Requisite Backstop Parties, or (f) any expenses incurred by the Company in connection with this Agreement or the Contemplated Transactions; provided, however, that exceptions contained in clause (d) above shall not prevent a determination that there has been a Material Adverse Effect if the event, change, effect, occurrence, development, or change of fact referred to therein affects the Debtors, taken a whole, in a disproportionately adverse manner relative to other participants in the industries in which the Debtors participate (provided that any such event, change, effect, occurrence, development, or change of fact may only be considered to the extent of such disproportionate impact).

Material Contracts: has the meaning given to such term in Section 2.14(a) hereof.

Millstreet: means, as of any time of determination, the Affiliates and Related Funds of Millstreet Capital Management LLC that are Backstop Parties as of such time.

New Board: has the meaning given to such term in the Plan.

New Common Units: means the limited liability company interests of Parent or the Company that are issued on the Effective Date, as determined in accordance with the terms of the Plan.

New Equity Interests: has the meaning given to such term in the Plan.

New First Lien Notes: means the 10%/12.5% Senior Secured Convertible PIK Toggle Notes of the Company to be issued pursuant to the New Indenture in an aggregate original principal amount equal to the sum of (a) the aggregate principal amount outstanding under the DIP Facility on the Effective Date and (b) $60,250,000.

New First Lien Notes Documents: means, collectively, the New First Lien Notes, the New Indenture, the New Security Documents and each other agreement, guarantee, certificate, document or instrument executed and/or delivered in connection with any of the foregoing, whether or not specifically mentioned herein or therein.

New Indenture: means the indenture among the Company, as issuer, the guarantors party thereto, and the trustee therefor governing the New First Lien Notes, to be dated as of the Effective Date.

New Security Documents: means the security agreements, pledge agreements, collateral assignments, mortgages, control agreements and related agreements, creating, evidencing or perfecting the security interests in and liens on the collateral securing the obligations under the New First Lien Notes Documents.

No Recourse Party: has the meaning given to such term in Section 12.14 hereof.

Non-Defaulting Backstop Party: has the meaning given to such term in Section 1.2(c) hereof.

OID: has the meaning given to such term in Section 1.9 hereof.

Oil and Gas Assets: means, with respect to the Debtors, all of their right, title, interest and estate, in and to the following: (a) the Hydrocarbon Interests, and all tenements, hereditaments, appurtenances and properties in any manner appertaining, belonging, affixed or incidental, including all Hydrocarbons produced from or allocable to the Oil and Gas Properties not yet sold; (b) all lands covered by the Oil and Gas Leases to which a Debtor is party and the interests currently pooled, unitized, communitized or consolidated therewith (the "Lands"); (c) all oil, gas, water or injection wells located on the Lands, whether producing, shut-in, or temporarily abandoned ("Wells"); (d) the interests of the Debtors in or to any currently existing pools or units which include any Lands or all or a part of any Oil and Gas Leases to which a

Debtor is a party or include any Wells (the "Units"; the Units, together with the Oil and Gas Leases to which a Debtor is a party, Lands, and Wells, being hereinafter referred to as the "Oil and Gas Properties"), including all interests of the Debtors in the production of Hydrocarbons from any such Units, whether such Unit production of Hydrocarbons comes from Wells located on or off of an Oil and Gas Lease to which a Debtor is a party, and all tenements, hereditaments and appurtenances belonging to the Oil and Gas Leases to which a Debtor is a party and Units; (e) all claims of the Debtors against other Persons pertaining to Imbalances; (f) funds otherwise payable to owners of working interests, royalties and overriding royalties, and other interests in the Oil and Gas Properties held in suspense by a Debtor; (g) all Contracts by which the Oil and Gas Properties are bound or subject, or that relate to or are otherwise applicable to the Oil and Gas Properties, including operating agreements, unitization, pooling and communitization agreements, declarations and orders, joint venture agreements, farmin and farmout agreements, exploration agreements, participation agreements, area of mutual interest agreements, exchange agreements, transportation or gathering agreements, agreements for the sale and purchase of oil, gas or casinghead gas, and processing agreements, Hydrocarbon purchase, sale, exchange, gathering, storage, processing, fractionation, condensate removal, handling, and stabilization, dehydration, treatment, compression, transportation and marketing agreements, communications, facilities, and equipment leases and licenses, and balancing agreements related to the Oil and Gas Properties or the production of Hydrocarbons therefrom or allocable thereto (collectively, the "Oil and Gas Contracts"); (h) all easements (including subsurface easements), permits, licenses, servitudes, rights-of-way, surface leases and other surface rights (collectively, "Oil and Gas Surface Rights") appurtenant to, and used or held for use in connection with the Oil and Gas Properties and the Equipment, whether part of the premises covered by the Oil and Gas Leases or Units or otherwise; (i) all equipment, machinery, fixtures and other tangible personal and mixed property and improvements, whether movable or immovable (including fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, gathering systems (including pipelines, trunk lines, laterals, pipeline interconnects and other receipt and delivery facilities, meters, check meters, and metering stations, measurement and regulation equipment, dehydration equipment, compressors and compression facilities and equipment, quality measurement equipment, valves, generators, motors, pumping stations and equipment, cathodic and electrical protection units, bypasses, gas samplers, regulators, drips, flanges, pigs and pig traps, flow control equipment, and other connections and fittings, and associated processing plants, fractionation plants, treatment facilities, condensate removal, handling, and stabilization facilities, and other midstream facilities), spare parts, facilities, fixtures, and tangible personal and mixed property and improvements, whether movable or immovable, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods) along with surface leases, rights-of-way, easements (including subsurface easements) and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing, located either on or off the Oil and Gas Properties and that is necessary for the ownership, use, development, and operation of the Oil and Gas Properties and the production, treatment, gathering, storage, processing, transportation, and marketing of Hydrocarbons produced therefrom or allocable thereto, including monitoring, communications and computer hardware, networks, and systems used to record, process, and communicate the telemetry associated with the operation of Oil and Gas Assets (all of the foregoing, the "Equipment"), and (j) all records related to any of the foregoing.

Oil and Gas Lease: means any oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases; subleases and other leaseholds; interests in fee; carried interests; reversionary interests; net profits interests; royalty interests; overriding royalty interests; net profit interests and production payment interests, mineral interests, together with each and every kind and character of right, title, claim, interest and estate held by the leaseholder thereunder.

Order: means any order, writ, judgment, injunction, decree, rule, ruling, directive, stipulation, determination or award made, issued or entered by the Bankruptcy Court or any other Governmental Body, whether preliminary, interlocutory or final.

Ordinary Course of Business: means the ordinary and usual course of normal day-to-day operations of the Debtors, consistent with past practices of the Debtors.

Organizational Documents: means, with respect to any Person other than a natural person, the documents by which such Person was organized (such as a certificate of incorporation, certificate of formation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) or which relate to the internal governance of such Person (such as by-laws, a partnership agreement or an operating, limited liability or members agreement).

Outside Date: means 150 calendar days after the Petition Date.

Parent: has the meaning given to such term in the preamble hereof.

Permitted Encumbrances: means (a) Encumbrances for utilities and current taxes not yet due and payable or that are due but may not be paid as a result of the commencement of the Chapter 11 Cases, (b) easements, rights of way, restrictive covenants, encroachments and similar non-monetary encumbrances or non-monetary impediments against any of the assets of the Debtors which do not, individually or in the aggregate, adversely affect the Owned Real Property, the Leased Real Property or the operation of the business of the Debtors thereon, (c) applicable zoning Laws, building codes, land use restrictions and other similar restrictions imposed by Law (but not restrictions arising from a violation of any such Laws) which are not violated by the current use of the Oil and Gas Assets, (d) materialmans', mechanics', artisans', shippers', warehousemans' or other similar common law or statutory liens incurred in the Ordinary Course of Business or incident to the exploration, development, operation and maintenance of Oil and Gas Assets, in each case for sums not yet due and payable or that are due but may not be paid as a result of the commencement of the Chapter 11 Cases and do not result from a breach, default or violation by a Debtor of any Contract or Law, (e) any obligations, liabilities or duties created by this Agreement or any of the Definitive Documents, (f) contractual Encumbrances which arise in the Ordinary Course of Business under Material Contracts which are not delinquent or which are being contested in good faith by appropriate action; (g) royalties, nonparticipating royalty interests, net profits interests and any overriding royalties, reversionary interests and other similar burdens or encumbrances set forth in an Oil and Gas Contract; (h) operating agreements, unit agreements, unitization and pooling designations and declarations, gathering and transportation agreements, processing agreements,

Hydrocarbon purchase contracts and all of the Contracts, easements, surface leases and other surface rights and the terms of all of the Oil and Gas Leases constituting an Oil and Gas Contract; (i) all rights reserved to or vested in any Governmental Body (I) to control or regulate any of the Oil and Gas Assets in any manner and all obligations and duties under all applicable Laws, rules and orders of any such Governmental Body or under any franchise, grant, license or permit issued by any such Governmental Body, (II) to terminate any right, power, franchise, license or permit afforded by such Governmental Body, or (III) to purchase, condemn or expropriate any of the Oil and Gas Assets; (j) all rights to consent by, required notices to, filings with or other actions by Governmental Bodies in connection with the sale, disposition, transfer or conveyance of federal, state, tribal or other governmental oil and gas leases or interests therein or related thereto, or the transfer of operations of any of the Debtors' wells, where the same are customarily obtained subsequent to the assignment, disposition or transfer of such oil and gas leases or interests therein, or such operations; (k) conventional rights of reassignment obligating the lessee to reassign or offer to reassign its interests in any lease prior to a release or abandonment of such lease; (l) non-governmental third party consents; (m) rights of tenants-in-common in and to the Oil and Gas Assets; (n) all Encumbrances, defects or irregularities of title, if any, affecting the Oil and Gas Assets (I) which would be accepted by a reasonably prudent operator engaged in the business of owning and operating oil and gas properties or (II) which do not, individually or in the aggregate, materially detract from the value of or materially interfere with the ownership and operation of the Oil and Gas Properties subject thereto or affected thereby (as currently owned and operated), and do not reduce the Debtors' "Net Revenue Interest" or increase the Debtors' "Working Interest" (without at least a proportionate corresponding increase in the Debtors' "Net Revenue Interest") in any Oil and Gas Lease reflected in the Reserve Report of all Hydrocarbons produced, saved and marketed from the applicable well; (o) calls on Hydrocarbon production under existing Contracts which can be cancelled within 60 days' notice without penalty or payment; (p) any encumbrance on or affecting the Oil and Gas Assets which is discharged by the Debtors at or prior to Closing; and (q) Imbalances associated with the Oil and Gas Assets.

PennantPark: means, as of any time of determination, the Affiliates and Related Funds of PennantPark Investment Corporation that are Backstop Parties as of such time.

Person: means an individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization or a Governmental Body.

Petition Date: means the date that the Chapter 11 Cases are commenced.

Plan: has the meaning given to such term in the recitals hereof.

Plan Supplement: has the meaning given to such term in the Plan.

Preference Right: means any right or agreement that enables any Person to purchase or acquire any asset, including Hydrocarbon Interests, of a Debtor or any interest therein or portion thereof as a result of or in connection with the execution or delivery of this Agreement or the consummation or performance of the terms and conditions contemplated by this Agreement.

Primary Commitment: means, with respect to any Backstop Party, the commitment of such Backstop Party, subject to the terms and conditions set forth in this Agreement, to purchase Primary Notes pursuant to, and on the terms set forth in, Section 1.1(b) hereof; and "Primary Commitments" means the Primary Commitments of all of the Backstop Parties collectively.

Primary Notes: means, with respect to any Backstop Party, the Rights Offering Notes which such Backstop Party has a right to purchase upon exercise in full of all Rights distributed to such Backstop Party in the Rights Offering.

Pro Rata: has the meaning given to such term in the Plan.

Proceeding: means any action, arbitration, audit, hearing, investigation, inquiry, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body.

Prudent Oil & Gas Practices: means those practices, methods, standards, and acts that, at a particular time, and in light of the facts known at the time the decision was made, would be utilized by a reasonably prudent operator. Prudent Oil & Gas Practices are not necessarily defined as the optimal standard practice method or act to the exclusion of others, but rather refer to a range of action reasonable under the circumstances.

Purchase Price: means, with reference to any Primary Notes, Backstop Commitment Notes or Default Notes to be purchased by a Backstop Party pursuant to this Agreement, the aggregate principal amount of such Primary Notes, Backstop Commitment Notes or Default Notes, as applicable.

Put Option Notes: has the meaning given to such term in Section 1.4 hereof.

RBL Facility: has the meaning given to such term in the Plan.

Reference Period: has the meaning given to such term in Section 2.16(j) hereof.

Related Fund: means, with respect to any Backstop Party, any fund, account or investment vehicle that is controlled or managed by (a) such Backstop Party, (b) an Affiliate of such Backstop Party or (c) the same investment manager or advisor as such Backstop Party or an Affiliate of such investment manager or advisor.

Related Person: means, with respect to any Person, such Person's current and former Affiliates, members, partners, controlling persons, subsidiaries, officers, directors, managers, principals, employees, agents, managed funds, advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals, together with their respective successors and assigns.

Reorganized NGR Holding Management Incentive Plan: has the meaning given to such term in the Plan.

Representatives: has the meaning given to such term in Section 4.7 hereof.

Requisite Backstop Parties: means, as of any date of determination, each of the following: (a) Non-Defaulting Backstop Parties as of such date whose aggregate Adjusted Commitment Percentages constitute more than 50% of the aggregate Adjusted Commitment Percentages of all Non-Defaulting Backstop Parties as of such date, (b) Millstreet only for so long as Millstreet holds at least 50% of the Backstop Commitment Percentage held by Millstreet on the Execution Date and no Person included in the definition of "Millstreet" is a Defaulting Backstop Party as of such date, (c) PennantPark only for so long as PennantPark holds at least 50% of the Backstop Commitment Percentage held by PennantPark on the Execution Date and no Person included in the definition of "PennantPark" is a Defaulting Backstop Party as of such date, and (d) Värde only for so long as Värde holds at least 50% of the Backstop Commitment Percentage held by Värde on the Execution Date and no Person included in the definition of "Värde" is a Defaulting Backstop Party as of such date.

Reserve Report: has the meaning given to such term in Section 2.16(a) hereof.

Restructuring Support Agreement: means the Restructuring Support Agreement, dated as of December 17, 2015, by and among the Debtors and the other Persons party thereto from time to time as "Parties" thereunder, as amended, supplemented or otherwise modified from time to time.

Rights: has the meaning given to such term in the recitals hereof.

Rights Offering: has the meaning given to such term in the recitals hereof.

Rights Offering Amount: has the meaning given to such term in the recitals hereof.

Rights Offering Documentation: has the meaning given to such term in Section 4.2 hereof.

Rights Offering Notes: has the meaning given to such term in the recitals hereof.

Rights Offering Participants: has the meaning given to such term in the recitals hereof.

Rights Offering Procedures: has the meaning given to such term in Section 1.1(a) hereof.

Rights Offering Record Date: has the meaning given to such term in the Rights Offering Procedures.

Rights Offering Termination Date: has the meaning given to such term in the Rights Offering Procedures.

SEC: means the United States Securities and Exchange Commission.

Securities Act: means the Securities Act of 1933, as amended, and the rules promulgated pursuant thereto.

Senior Notes: has the meaning given to such term in the Plan.

Specified Issuances: means, collectively, (a) the issuance of New Equity Interests to the holders of Allowed Second Lien Notes Claims and Allowed Subordinated Notes Claims pursuant to the Plan, (b) the distribution by the Company of the Rights to the Rights Offering Participants pursuant to the Plan, (c) the issuance and sale by the Company of Rights Offering Notes (including the Primary Notes of each Backstop Party) to the holders of Rights upon exercise of such Rights in the Rights Offering, (d) the issuance of New First Lien Notes pursuant to the Plan to lenders under the DIP Facility, (e) the issuance by Parent or the Company of New Common Units in connection with any conversion, in accordance with the terms of the New Indenture, of (i) Rights Offering Notes (including the Primary Notes of each Backstop Party) that were acquired by a holder of a Right upon exercise of such Right in the Rights Offering or (ii) New First Lien Notes that were issued and distributed under the Plan to the lenders under the DIP Facility, (f) the issuance and/or sale by the Company of the Backstop Commitment Notes and Put Option Notes to the Backstop Parties pursuant to this Agreement, and (g) the issuance by Parent or the Company of New Common Units in connection with any conversion of Backstop Commitment Notes and Put Option Notes in accordance with the terms of the New Indenture.

Subordinated Notes: has the meaning given to such term in the Plan.

Subsidiary: means, with respect to any Person (the "Owner"), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred), are held by the Owner or one or more of its Subsidiaries.

Subscription Agent: has the meaning given to such term in Section 4.4 hereof.

Transaction Expenses: means the reasonable and documented out-of-pocket fees, costs, expenses, disbursements and charges of each of the Backstop Parties incurred in connection with or relating to the diligence, negotiation, formulation, preparation, execution, delivery, implementation and/or consummation of the Plan, the Funding Commitments, the Rights Offering, this Agreement, any of the other Definitive Documents and/or any of the Contemplated Transactions, any amendments, waivers, consents, supplements or other modifications to any of the foregoing, and the enforcement, attempted enforcement or preservation of any rights or remedies under this Agreement, including but not limited to, the reasonable and documented fees, costs and expenses of the legal counsel, financial advisors and any other advisors and agents for each of the Backstop Parties.

Unaudited Financial Statements: has the meaning given to such term in Section 2.17 hereof.

Unsubscribed Notes: has the meaning given to such term in the recitals hereof.

Värde: means, as of any time of determination, the Affiliates and Related Funds of Värde Partners, Inc. that are Backstop Parties as of such time.

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

DEBTORS:

NGR Holding Company LLC
New Gulf Resources, LLC
NGR Texas, LLC
NGR Finance Corp.

By: _____
Name: Danni Morris
Title: Chief Financial Officer

BACKSTOP PARTIES

Millstreet Credit Fund LP
By: Millstreet Capital Partners LLC, its General Partner

By: _____
Name: Craig M. Kelleher
Title: Managing Member

PCH Manager Fund, SPC. on behalf of and for the account of Segregated Portfolio 202
By: Millstreet Capital Management LLC, the Subadviser under a Subadvisory Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

Mercer QIF Fund plc - Mercer Investment Fund 1
By: Millstreet Capital Management LLC, the Sub-Investment Manager under a Sub-Investment Management Agreement

By: _____
Name: Craig M. Kelleher
Title: Managing Member

BACKSTOP PARTIES

PENNANTPARK INVESTMENT CORPORATION

By: _____

Name: Arthur Penn
Title: CEO

BACKSTOP PARTIES

Castle Hill Enhanced Floating Rate Opportunities Limited
acting through its investment manager
Castle Hill Asset Management LLP

By: _____
Name: Terence Tel
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: Partner

Guardian Loan Opportunities Limited
acting through its investment manager
Castle Hill Asset Management LLP

By: _____
Name: Terence Tel
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: Partner

Castle Hill Total Return Master Fund Limited
acting through its investment manager,
Castle Hill Asset Management LLC

By: _____
Name: Terence Tel
Title: Authorised Signatory

By: _____
Name: Sven Olsen
Title: Partner

LHP Ireland Fund Management Limited acting solely in its capacity as manager of LMA Ireland for and on behalf of its sub trust Map 507
By: Castle Hill Asset Management LLP, its sub-advisor

By: _____
Name: Terence Tels
Title: Authorised Signatory

By: _____
Name: ~~Robert~~ Sven Ocs
Title: Partner

BACKSTOP PARTIES

VÄRDE INVESTMENT PARTNERS, L.P.
By: Värde Investment Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

VÄRDE INVESTMENT PARTNERS (OFFSHORE) MASTER, L.P.
By: Värde Investment Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

THE VÄRDE FUND X (MASTER), L.P.
By: The Värde Fund X (GP), L.P., Its General Partner
By: The Värde Fund X GP, LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

THE VÄRDE FUND XI (MASTER), L.P.
By: Värde Fund XI G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

THE VÄRDE SKYWAY MASTER FUND, L.P.
By: The Värde Skyway Fund G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name: Brian C. Schmidt
Title: Senior Managing Director

THE VÄRDE FUND VI-A, L.P.
By: Värde Investment Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name:
Title: Brian C. Schmidt
Senior Managing Director

VÄRDE CREDIT PARTNERS MASTER, L.P.
By: Värde Credit Partners G.P., LLC, Its General Partner
By: Värde Partners, L.P., Its Managing Member
By: Värde Partners, Inc., Its General Partner

By: _____
Name:
Title: Brian C. Schmidt
Senior Managing Director

SKL FAMILY FOUNDATION

By: Marcia Page Huepenbecker
Name: Marcia Page Huepenbecker
Title: President

Schedule 1

Backstop Parties

Backstop Party	Backstop Commitment Percentage	Backstop Commitment Amount	Notice Address
Värde Investment Partners, L.P.			
Värde Investment Partners (Offshore) Master, L.P.			
The Värde Fund X (Master), L.P.			
The Värde Fund XI (Master), L.P.			
The Värde Skyway Master Fund, L.P.			
The Värde Fund VI-A, L.P.			
Värde Credit Partners Master, L.P.			
SKL Family Foundation			
Millstreet Credit Fund LP			
PCH Manager Fund, SPC. on behalf of and for the account of Segregated Portfolio 202			
Mercer QIF Fund plc - Mercer Investment Fund 1			
PennantPark Investment Corporation			

Backstop Party	Backstop Commitment Percentage	Backstop Commitment Amount	Notice Address
Castle Hill Enhanced Floating Rate Opportunities Limited			
Guardian Loan Opportunities Limited			
Castle Hill Total Return Master Fund Limited			
LHP Ireland Fund Management Limited acting solely in its capacity as manager of LMA Ireland for and on behalf of its sub trust Map 507			
TOTAL:	**100.00%**	**$13,815,068.49**	

EXHIBIT J TO THE DISCLOSURE STATEMENT

NEW FIRST LIEN NOTES TERM SHEET

EXHIBIT C[1]
TERM SHEET

New First Lien Notes
Summary of Principal Terms

Issuer:	New Gulf Resources, LLC (the "Company").
Notes:	10%/12.5% Senior Secured Convertible PIK Toggle Notes (the "New First Lien Notes") in an aggregate amount equal to the sum of (a) the aggregate principal amount outstanding under the DIP Facility on the Effective Date and (b) $60,250,000.
Consideration:	New First Lien Notes in an original aggregate principal amount equal to $50,000,000 will be sold at par to Rights Offering Participants in the Rights Offering and, to the extent not sold in the Rights Offering, to the Backstop Parties pursuant to the Backstop Agreement. New First Lien Notes in an original aggregate principal amount equal to $5,000,000 will be issued to the Backstop Parties in consideration for the Company's right to call the Backstop Commitments of the Backstop Parties to purchase the New First Lien Notes pursuant to the Backstop Agreement. New First Lien Notes in an original aggregate principal amount equal to the sum of (a) the aggregate principal amount outstanding under the DIP Facility on the Effective Date and (b) $5,250,000 will be issued under the Plan to the lenders under the DIP Facility in accordance with the terms set forth in the Plan.
Use of Proceeds:	The proceeds of the New First Lien Notes shall be used to fund certain payments and distributions under the Plan and provide the Debtors with working capital for their post-Effective Date operations and for other general corporate purposes.
Maturity:	The New First Lien Notes will mature on the date that is five (5) years after the Effective Date (the "Maturity Date").
Interest Rate:	10.0% per annum, payable in cash on a quarterly basis, or, at the Company's election, 12.5% per annum, payable in kind on a quarterly basis (the "Interest Rate"). In addition, the Company may elect to pay such interest through a combination of cash and in kind, in each case, at the applicable Interest Rate. All interest

[1] Terms defined in the Backstop Note Purchase Agreement (the "Backstop Agreement") to which this Term Sheet is attached as Exhibit C shall have the same meanings when used herein unless otherwise defined herein.

shall be computed on the basis of a 360-day year consisting of twelve (12) 30-day months.

Default Rate: Upon the occurrence and during the continuance of an event of default under the New Indenture, all principal, interest, premium, fees and other amounts shall bear interest at the applicable Interest Rate plus 2.0% per annum.

Guarantees: The New First Lien Notes and all obligations under the other New First Lien Notes Documents will be unconditionally guaranteed on a joint and several basis by each direct and indirect domestic subsidiary of the Company and, to the extent that Parent owns 50% or more of the equity interests of the Company, Parent (collectively, the "Guarantors"), which guarantees shall be guarantees of payment and performance and not of collection.

Collateral: The New First Lien Notes, the guarantees by the Guarantors in respect thereof and all obligations under the other New First Lien Notes Documents shall be secured by first-priority liens on all or substantially all of the assets of the Company and the Guarantors, subject to certain limited exceptions that are acceptable to the Requisite Backstop Parties; provided, that the Requisite Backstop Parties will negotiate in good faith with the Company regarding a basket for a *pari passu* first lien debt facility in an amount and solely for specified purposes, in each case, that are acceptable to the Requisite Backstop Parties in their sole discretion; provided, further that the Backstop Parties shall have a right of first offer (on terms to be agreed by the Requisite Backstop Parties and the Company) to provide any such *pari passu* first lien debt facility.

Conversion Price: The New First Lien Notes (including all principal (including all interest that has previously been paid in kind by increasing the principal amount of the New First Lien Notes), the Interest Make-Whole Premium (as defined below), if any, and all accrued and unpaid interest) shall be convertible at a conversion rate per $1.00 of New First Lien Notes such that the original aggregate principal amount of the New First Lien Notes is convertible into 85% of the total number of New Common Units issued and outstanding as of the Effective Date (after giving effect to such conversion), subject to adjustment as described below under "Anti-Dilution Protection" (as adjusted, the "Conversion Rate"). For the avoidance of doubt, if the New First Lien Notes were converted in full on the Effective Date, the total number of New Common Units that would be issued in respect of such conversion would equal 85% of the total number

of issued and outstanding New Common Units after giving effect to such conversion.

Conversion Rights: At any time and from time to time, each holder of New First Lien Notes shall have the right to convert all or any portion of its New First Lien Notes at such holder's option into a number of New Common Units equal to the product of (a) the quotient obtained by dividing (i) the amount of New First Lien Notes being converted by such holder (including all principal (including all interest that has previously been paid in kind by increasing the principal amount of the New First Lien Notes), the Interest Make-Whole Premium, and all accrued and unpaid interest on the principal amount being converted), by (ii) $1.00, multiplied by (b) the Conversion Rate then in effect.

Anti-Dilution Protection: The New First Lien Notes will have anti-dilution protection provisions that are acceptable to the Requisite Backstop Parties and the Company.

Interest Make-Whole Premium: Upon conversion of any New First Lien Notes (other than on the Maturity Date), upon any New First Lien Notes becoming payable pursuant to an acceleration (whether pursuant to an event of default, by operation of law or otherwise) or upon any payment, repurchase, redemption or purchase of any New First Lien Notes by the Company or any affiliate that is permitted under the terms of the New Indenture (an "Interest Make-Whole Trigger"), the holder(s) of such New First Lien Notes so converted, becoming due pursuant to an acceleration, or being paid, repurchased, redeemed or purchased, shall be entitled to receive a make-whole premium (the "Interest Make Whole Premium") with respect to such New First Lien Notes in an amount equal to the sum of the value (as set forth in the immediately succeeding sentence) of all interest payments that would have been payable on the principal amount of such New First Lien Notes so converted, becoming due pursuant to an acceleration, or being paid, repurchased, redeemed or purchased (including all interest that has previously been paid in kind by increasing the principal amount of the New First Lien Notes and any interest that would have been payable on interest that would have been added to such principal) from the last interest payment date on which interest was paid on such New First Lien Notes immediately prior to the date of such Interest Make-Whole Trigger through, and including, the Maturity Date as though such New First Lien Notes had remained outstanding through the Maturity Date. The Interest Make-Whole Premium shall be calculated on a net present value basis as of the date of

such Interest Make-Whole Trigger using a discount rate equal to the yield to maturity as of such date of United States Treasury securities with a constant maturity that has become publicly available at least two business days prior to such date most nearly equal to the period from such date to the Maturity Date, plus 50 basis points. The Interest Make-Whole Premium shall be paid in cash if the Interest Make-Whole Trigger is an acceleration of any New First Lien Notes or any payment, purchase, redemption or repurchase of New First Lien Notes that is permitted under the terms of the New Indenture. The Interest Make-Whole Premium shall be paid in New Common Units, based on the then applicable Conversion Rate, if the Interest Make-Whole Trigger is a conversion of New First Lien Notes.

Change of Control: Upon a Change of Control (to be defined in the New Indenture), the Company will be required to make an offer (the "Change of Control Offer") to purchase any and all outstanding New First Lien Notes for cash at a purchase price equal to 100% of the then-outstanding New First Lien Notes (including any interest previously paid by increasing the principal amount), plus the Interest Make-Whole Premium, plus all accrued and unpaid interest, if any, to the date of purchase.

In the event that at least a certain percentage (such percentage to satisfactory to the Requisite Backstop Parties) of the aggregate principal amount of the outstanding New First Lien Notes are tendered and accepted in a Change of Control Offer, then the Company shall have the right, subject to terms and conditions acceptable to the Requisite Backstop Parties and the Company, to elect to redeem all of the New First Lien Notes that were not tendered in the Change of Control Offer at a redemption price equal to 100% of the then-outstanding New First Lien Notes (including any interest previously paid by increasing the principal amount), plus the Interest Make-Whole Premium, plus all accrued and unpaid interest, if any, to the date of redemption.

In the event that at least a certain percentage (such percentage to satisfactory to the Requisite Backstop Parties) of the aggregate principal amount of the outstanding New First Lien Notes are converted into New Common Units after notice of a Change of Control has been delivered to holders of New First Lien Notes in accordance with the New Indenture, the Company shall have the right, subject to terms and conditions acceptable to the Requisite Backstop Parties and the Company, to elect to cause all New First Lien Notes that have not been so elected for conversion to be converted into New Common Units at the Conversion Price

	then in effect.
Optional Redemption:	Except as set forth above under the heading "Change of Control", the Company shall have no ability to optionally redeem any or all New First Lien Notes prior to maturity.
Covenants:	The New Indenture will contain affirmative and negative covenants that are acceptable to the Requisite Backstop Parties and the Company, including restrictions on the ability of the Company and its subsidiaries to (i) incur or guarantee indebtedness or, in the case of such subsidiaries, issue preferred equity, (ii) pay dividends or make other distributions to equity holders, (iii) purchase or redeem equity or subordinated indebtedness, (iv) make investments, (v) create liens, (vi) incur restrictions on the ability of such subsidiaries to make dividends or distributions to the Company, (vii) sell assets, including equity of certain subsidiaries, (viii) consolidate or merge with or into other companies or transfer all or substantially all of their assets; (ix) make capital expenditures, and (x) engage in transactions with affiliates, in each case, subject to certain exceptions and qualifications acceptable to the Requisite Backstop Parties and the Company. For the avoidance of doubt, the New Indenture will not contain any financial maintenance covenants (other than covenants restricting the ability of the Company and its subsidiaries to incur capital expenditures).
Events of Default:	The New Indenture shall contain events of default that are acceptable to the Requisite Backstop Parties and the Company.
Defeasance and Discharge Provisions:	The New Indenture shall contain customary defeasance and discharge provisions for convertible debt securities that are acceptable to the Requisite Backstop Parties and the Company.
Modification:	The New Indenture shall contain customary modification provisions for convertible debt securities that are acceptable to the Requisite Backstop Parties and the Company.
Indemnification:	The New Indenture shall contain increased cost and tax gross-up provisions that are acceptable to the Requisite Backstop Parties.
Governing Law:	New York.
Trustee:	To be selected by the Requisite Backstop Parties.
Collateral Agent:	To be selected by the Requisite Backstop Parties.

EXHIBIT K TO THE DISCLOSURE STATEMENT

THE RIGHTS OFFERING PROCEDURES

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	§	**Chapter 11**
NEW GULF RESOURCES, LLC., *et al.*,[1]	§	**Case No. 15-[-]**
Debtors.	§	**Joint Administered Requested**

RIGHTS OFFERING PROCEDURES

To Eligible Participants and Nominees of Eligible Participants:

Whereas, on December 17, 2015, NGR Holding Company LLC ("**NGR**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**") filed the *Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified or supplemented from time to time, the "**Plan**") and the *Solicitation and Disclosure Statement for the Joint Chapter 11 Plan of Reorganization* (as may be amended, modified, or supplemented from time to time, the "**Disclosure Statement**");

Whereas, on January [·], 2016, the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") entered an order (the "**Rights Offering Procedures Order**") approving, among other things, these procedures (as may be amended from time to time in accordance with the terms of the Rights Offering Procedures Order, the "**Rights Offering Procedures**") for the conduct of, and participation in, a rights offering contemplated by, and to be implemented by the Company pursuant to, the Plan and the Backstop Note Purchase Agreement (as defined below) (the "**Rights Offering**");

Whereas, New Gulf Resources, LLC, a wholly-owned subsidiary of NGR and a Debtor (the "**Company**"), will conduct the Rights Offering by allocating to each Eligible Participant non-transferable, non-certificated rights (the "**Rights**") to purchase such Eligible Participant's Pro Rata share of New First Lien Notes issued by the Company;

Whereas, the Debtors and the Backstop Parties have entered into the Backstop Note Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "**Backstop Agreement**"), dated as of December 17, 2015, pursuant to which the Backstop Parties have agreed, subject to the terms and conditions therein, to purchase such Backstop Party's Primary Notes (as defined in the Backstop Agreement) and such Backstop Party's Backstop Commitment Percentage of all Unsubscribed Notes;

[1] The Debtors in these cases and their respective tax identification numbers are: NGR Holding Company LLC (81-0781782); New Gulf Resources, LLC (27-5431365); NGR Finance Corp. (61-1735563) and NGR Texas, LLC (*a disregarded entity*).

Whereas, capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Plan or, if any such term is not defined in the Plan, the meanings set forth in the Backstop Agreement.

The Debtors have designated Prime Clerk, LLC as the subscription agent for the Rights Offering (the "**Subscription Agent**"). All questions relating to these Rights Offering Procedures, other documents associated with the Rights Offering or the requirements for participating in the Rights Offering should be directed to the Subscription Agent at:

NGR Rights Offering Processing
c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022
(855) 410-7361
[newgulfballots@primeclerk.com]

These Rights Offering Procedures have been approved by the Bankruptcy Court pursuant to the Rights Offering Procedures Order.

The Rights Offering, the distribution of each Right and the issuance of each New First Lien Note are being conducted under the Plan.

Each Right and New First Lien Note is being distributed and issued by the Company without registration under the Securities Act, in reliance upon the exemption provided in section 1145 of the Bankruptcy Code.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security and no Rights may be sold or independently transferred.

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participates, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be further supplemented from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For a copy of the Disclosure Statement or the Plan (including any Plan Supplement), please contact the Subscription Agent or see the Debtors' restructuring website [(*http://cases.primeclerk.com/newgulf/*)].

Overview of the Rights Offering

Rights to purchase New First Lien Notes in the Rights Offering (the "**Rights Offering Notes**") at a price per New First Lien Note equal to $1,000 for each $1,000 in original principal amount of New First Lien Note (the "**Per Note Price**") are being distributed to the Eligible Participants as preconfirmation distributions under the Plan and in conjunction with the Debtors' solicitation of votes to accept or reject the Plan.

The aggregate principal amount of Rights Offering Notes will be $50,000,000.

Each Eligible Participant has the right, but not the obligation, to purchase all or a portion of its Available Notes.

Eligible Participants

Only Eligible Participants may participate in the Rights Offering.

An "**Eligible Participant**" means a Person that is the beneficial owner of an Eligible Claim as of [January [·]], 2016 (the "**Rights Offering Record Date**").

An "**Eligible Claim**" means the principal amount of an Allowed Second Lien Notes Claim held by an Eligible Participant on the Rights Offering Record Date.

In order to participate in the Rights Offering, each Eligible Participant must satisfy all conditions and requirements set forth in these Rights Offering Procedures (including any attached exhibit or other document referenced in these Rights Offering Procedures). If an Eligible Participant does not satisfy all such conditions and requirements on or prior to the Rights Offering Expiration Date, such Eligible Participant shall be deemed to have forever and irrevocably relinquished and waived the right to participate in the Rights Offering and any Rights to be distributed to such Eligible Participant pursuant to the Plan shall be cancelled without any further action by the Company and, to the extent that any subscribing Rights holder has paid the Aggregate Rights Offering Subscription Price with respect to such cancelled Rights, the Subscription Agent shall refund such amounts to such subscribing Rights holder.

The Rights Exercise Form

In order to exercise Rights, an Eligible Participant must duly complete and timely deliver to the Subscription Agent the enclosed rights exercise form (the "**Rights Exercise Form**"), along with its Aggregate Rights Offering Subscription Price (as defined below), in accordance with these Rights Offering Procedures; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement.

Determination of an Eligible Participant's Rights Offering Notes

Each Eligible Participant shall be entitled to subscribe for that number of Rights Offering Notes equal to (X) 50,000, which is the aggregate number of Rights Offering Notes offered in the Rights Offering, multiplied by (Y) the quotient of (i) the Eligible Claims held by such Eligible Participant and (ii) the aggregate principal amount of all Allowed Second Lien Claims, rounded

down to the nearest whole number of Rights Offering Notes (such number of Rights Offering Notes with respect to any Eligible Participant, the "**Available Notes**").

Restrictions on Transfer of Rights and Claims

THE RIGHTS ARE NOT TRANSFERRABLE OR ASSIGNABLE. RIGHTS MAY ONLY BE EXERCISED BY OR THROUGH THE ELIGIBLE PARTICIPANT ENTITLED TO EXERCISE SUCH RIGHTS AS OF THE RIGHTS OFFERING RECORD DATE. ANY TRANSFER OF RIGHTS WILL BE NULL AND VOID, AND THE DEBTORS WILL NOT TREAT ANY PURPORTED TRANSFEREE OF ANY RIGHT AS A HOLDER OF SUCH RIGHT. IN ADDITION, ONCE AN ELIGIBLE PARTICIPANT HAS PROPERLY EXERCISED ITS RIGHTS, SUCH EXERCISE CANNOT BE REVOKED, WITHDRAWN OR CANCELLED EXCEPT IN ACCORDANCE WITH THE PROCEDURES EXPRESSLY PROVIDED HEREIN; PROVIDED, THAT NOTHING HEREIN SHALL AMEND, MODIFY OR OTHERWISE ALTER THE RIGHT OF A BACKSTOP PARTY, PURSUANT TO SECTION 7 OF THE BACKSTOP AGREEMENT, TO THE RETURN OF SUCH BACKSTOP PARTY'S PURCHASE PRICE (AS DEFINED IN THE BACKSTOP AGREEMENT) AFTER A TERMINATION OF THE BACKSTOP AGREEMENT.

No Fractional Notes

No fractional New First Lien Notes will be issued in connection with the Rights Offering. Each Eligible Participant's amount of Available Notes will be rounded down to the nearest whole New First Lien Note. No compensation shall be paid in respect of such adjustment.

Duration of the Rights Offering

The Rights Offering will commence on the day upon which the Rights Exercise Form is first mailed or otherwise made available to any Eligible Participant (the "**Rights Offering Commencement Date**").

The Rights Offering will expire at 5:00 p.m. (Eastern Time) on the date that is thirty (30) days after the Rights Offering Commencement Date (as may be extended in accordance with these Rights Offering Procedures, the "**Rights Offering Expiration Date**").

The period commencing on the Rights Offering Commencement Date and ending on the Rights Offering Expiration Date is the "**Rights Exercise Period**."

Each Eligible Participant intending to participate in the Rights Offering must affirmatively make a binding election to exercise its Rights on or prior to the Rights Offering Expiration Date, and submit payment by wire transfer of immediately available funds in an amount equal to the Per Note Price for each duly subscribed for Available Note (such amount for any Eligible Participant that is exercising Rights, the "**Aggregate Rights Offering Subscription Price**") so that such payment is actually received by the Subscription Agent on or prior to the Rights Offering Expiration Date; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. Any overpayments actually paid by any Eligible Participant to the Subscription Agent shall be refunded, without interest, as soon as reasonably practicable after refund amounts are determined by the Subscription Agent, provided, that the Subscription Agent shall use

commercially reasonable efforts to refund such amounts no later than twenty (20) Business Days after the Effective Date or the date of termination of the Backstop Agreement. In addition to the foregoing, to participate in the Rights Offering, an Eligible Participant must also agree to (i) vote to accept the Plan and timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court, and (ii) not opt out of any releases set forth in Article VII of the Plan.

Unsubscribed Rights Offering Notes

The Backstop Parties have agreed, subject to the terms and conditions of the Backstop Agreement, to purchase their respective Backstop Commitment Percentage of all Unsubscribed Notes.

Exercise of Rights

In order to participate in the Rights Offering, each Eligible Participant must affirmatively make a binding election to exercise all or a portion of its Rights on or prior to the Rights Offering Expiration Date, and such exercise must not have been revoked, withdrawn or cancelled as provided herein. After 5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date, the exercise of the Rights shall be irrevocable unless the Backstop Agreement is terminated as provided therein. In addition to the foregoing, to participate in the Rights Offering, an Eligible Participant must also agree to (i) vote to accept the Plan and timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court, and (ii) not opt out of any releases set forth in Article VII of the Plan.

In order to exercise Rights, each Eligible Participant must submit a Rights Exercise Form indicating the whole number of Rights Offering Notes (up to such Eligible Participant's Available Notes) that such Eligible Participant elects to purchase, along with payment by wire transfer of immediately available funds in an amount equal to the product of (a) the number of Available Notes such Eligible Participant elects to purchase and (b) the Per Note Price, so that the Rights Exercise Form and the Aggregate Rights Offering Subscription Price are actually received by the Subscription Agent on or before the Rights Offering Expiration Date in accordance with the Rights Offering Procedures; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement.

Deemed Representations and Acknowledgements

Any Person exercising any Rights will be required to represent and acknowledge that such Person:

(i) is an Eligible Participant;

(ii) recognizes and understands that the Rights are not transferable or assignable, and may only be exercised by an Eligible Participant;

(iii) acknowledges and agrees that except as provided under applicable state securities laws and in the Rights Offering Procedures, the exercise of the Rights is and shall be irrevocable

unless a Withdrawal Form is properly completed, duly executed and delivered to the Subscription Agent prior to 5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date; provided, that nothing in these Rights Offering Procedures shall amend, modify or otherwise alter the right of the Requisite Backstop Parties to terminate the Backstop Agreement pursuant to the terms of the Backstop Agreement;

(iv) has read and understands the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan and the Disclosure Statement and understands the terms and conditions herein and therein and the risks associated with the Debtors and their business as described in the Disclosure Statement;

(v) is not a party to any contract with any person that would give rise to a valid claim against any of the Debtors for a brokerage commission, finder's fee or like payment in connection with the investment;

(vi) is not relying upon any information, representation or warranty other than as set forth in the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan, or the Disclosure Statement; provided, however, that the Backstop Parties are relying on the representations and warranties of the Debtors made in the Backstop Agreement; and

(vii) has consulted, to the extent deemed appropriate, with its own advisors as to the financial, tax, legal and related matters concerning an investment in the Rights Offering Notes and on that basis believes that an investment in the Rights Offering Notes is suitable and appropriate for itself.

Withdrawal of Exercise of Rights; Withdrawal Form

An Eligible Participant that has exercised all or a portion of its Rights may revoke, withdraw or otherwise cancel its previous election to exercise its Rights (or any portion thereof) by ensuring that a properly completed and duly executed Withdrawal Form, substantially in the form enclosed herewith (a "**Withdrawal Form**"), is received by the Subscription Agent prior to **5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date**.

THE DELIVERY OF A WITHDRAWAL FORM IS AT THE ELIGIBLE PARTICIPANT'S RISK. ELIGIBLE PARTICIPANTS SHOULD TAKE APPROPRIATE STEPS TO ENSURE THAT THE WITHDRAWAL FORM IS PROPERLY COMPLETED, DULY EXECUTED AND DELIVERED TO THE SUBSCRIPTION AGENT PRIOR TO 5:00 P.M. ON THE RIGHTS OFFERING EXPIRATION DATE. INCOMPLETE OR UNSIGNED FORMS WILL NOT BE ACCEPTED AND, THEREFORE, WILL NOT RESULT IN THE WITHDRAWAL OF AN ELECTION TO EXERCISE RIGHTS.

The amount of any Aggregate Rights Offering Subscription Price (or applicable portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be refunded, without interest, to the Eligible Participant as soon as reasonably practicable after refund amounts are determined by the Subscription Agent, provided that the Subscription Agent shall use commercially reasonable efforts to refund such amounts no later than twenty (20) Business Days after the Rights Offering Expiration Date.

Once an Eligible Participant has withdrawn its election to exercise its Rights (or any portion thereof), the Eligible Participant may again elect to exercise all or a portion of its Rights only by again following the proper exercise procedures described herein and properly completing and delivering a Rights Exercise Form. Following withdrawal, if an Eligible Participant again elects to exercise all or a portion of its Rights, the Eligible Participant bears the risk that it will not yet have received a refund from the Subscription Agent for the withdrawn exercise of Rights and will need to pay additional funds in connection with such new election.

Nothing in these Rights Offering Procedures shall amend, modify or otherwise alter the right of the Requisite Backstop Parties to terminate the Backstop Agreement pursuant to the terms of the Backstop Agreement and the right to the return of such Backstop Party's Purchase Price (as defined in the Backstop Agreement) after a termination of the Backstop Agreement.

Failure to Exercise Rights

Unexercised Rights will be cancelled on the Rights Offering Expiration Date. An Eligible Participant shall be deemed to have relinquished and waived all rights to participate in the Rights Offering to the extent the Subscription Agent for any reason does not receive from an Eligible Participant, on or before the Rights Offering Expiration Date, (i) a duly completed Rights Exercise Form (that has not been subsequently timely and properly withdrawn) and (ii) immediately available funds by wire transfer for the Aggregate Rights Offering Subscription Price with respect to the Rights such Eligible Participant is exercising in such Rights Exercise Form; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. In addition to the foregoing, an Eligible Participant shall be deemed to have relinquished and waived all rights to participate in the Rights Offering if such Eligible Participant (i) does not vote to accept the Plan and timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court, or (ii) opts out of any releases set forth in Article VII of the Plan.

Any attempt to exercise any Rights or withdraw the exercise of any Rights after the Rights Offering Expiration Date shall be null and void and the Debtors shall not honor any Rights Exercise Form, Withdrawal Form or other documentation received by the Subscription Agent relating to such purported exercise or withdrawal after the Rights Offering Expiration Date, regardless of when such Rights Exercise Form, Withdrawal Form or other documentation was sent.

The method of delivery of the Rights Exercise Form, Withdrawal Form and any other required documents by each Eligible Participant is at such Eligible Participant's option and sole risk, and delivery will be considered made only when such Rights Exercise Form, Withdrawal Form or other documentation is actually received by the Subscription Agent. If delivery is by mail, the use of registered mail with return receipt requested, properly insured, is encouraged and strongly recommended. In all cases, each Eligible Participant should allow sufficient time to ensure timely delivery prior to the Rights Offering Expiration Date.

Disputes, Waivers and Extensions

Any and all disputes or issues concerning the timeliness, viability, form or exercise or withdrawal of exercise of Rights shall be addressed in good faith by the Debtors with the prior

written consent of the Requisite Backstop Parties, not to be unreasonably withheld. Any determination made by the Debtors with respect to such dispute or issue, with the prior written consent of the Requisite Backstop Parties (not to be unreasonably withheld), shall be final and binding. The Debtors, with the prior written consent of the Requisite Backstop Parties, not to be unreasonably withheld, may (i) waive any defect or irregularity, or permit such a defect or irregularity to be corrected, within such times as the Debtors may determine in consultation with the Requisite Backstop Parties to be appropriate, (ii) reject the purported exercise of any Rights for which the Rights Exercise Form, the exercise thereof and/or payment of the Aggregate Rights Offering Subscription Price includes defects or irregularities or (iii) reject the purported withdrawal of the exercise of any Rights with respect to which a Withdrawal Form is received if the Withdrawal Form includes defects or irregularities.

Rights Exercise Forms and Withdrawal Forms shall be deemed not to have been properly completed until all defects and irregularities have been waived or cured within such time as the Debtors determine in their reasonable discretion, with the prior written consent of the Requisite Backstop Parties, not to be unreasonably withheld. The Debtors reserve the right, but are under no obligation, to give notice to any Eligible Participant regarding any defect or irregularity in connection with any purported exercise of Rights or withdrawal of exercise of Rights by such Eligible Participant; provided, however, that none of the Debtors (including any of their respective officers, directors, employees, agents or advisors) or the Subscription Agent shall incur any liability for any failure to give such notification. The Debtors may, but are under no obligation to, permit such defect or irregularity in any Rights Exercise Form or Withdrawal Form to be cured.

The Debtors may extend the Rights Offering Expiration Date, from time to time, with the prior written consent of the Requisite Backstop Parties. The Debtors shall promptly notify Eligible Participants in writing of such extension and of the date of the new Rights Offering Expiration Date.

Funds

All funds (the "**Rights Offering Funds**") received in connection with an Eligible Participant's exercise of Rights pursuant to these Rights Offering Procedures shall be deposited when received and held in escrow by the Subscription Agent pending the Effective Date in an account or accounts (a) which shall be separate and apart from the Subscription Agent's general operating funds and from any other funds subject to any lien or any cash collateral arrangements and (b) which segregated account or accounts will be maintained for the sole purpose of holding the Rights Offering Funds for administration of the Rights Offering.

The Subscription Agent shall not use the Rights Offering Funds (other than funds attributable to the exercise of Rights that have been properly withdrawn in accordance with the procedures set forth herein) for any purpose other than to release such funds as directed by the Debtors pursuant to the Plan on the Effective Date and shall not encumber or permit the Rights Offering Funds to be encumbered by any lien or similar encumbrance. The amount of any Aggregate Rights Offering Subscription Price (or applicable portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be refunded, without interest, to the Eligible Participant as set forth herein. No interest will be paid to Eligible Participants on account of any Rights Offering Funds or other amounts paid in connection with their exercise of Rights under any circumstances (including, without

limitation, in connection with any withdrawal of exercise of Rights). The Rights Offering Funds shall not be property of the Debtors' estates until the occurrence of the Effective Date.

All exercises of Rights are subject to and conditioned upon confirmation of the Plan and the occurrence of the Effective Date. In the event that the Plan is not confirmed and consummated on or prior to termination of the Backstop Agreement all Rights Offering Funds held by the Subscription Agent will be refunded, without interest, to each respective Eligible Participant as soon as reasonably practicable.

Eligible Participant Release

Upon the Effective Date, each Eligible Participant that elects to exercise Rights shall waive and release, to the fullest extent permitted under applicable law, all rights, claims or causes of action against the Debtors, Reorganized Debtors, the Backstop Parties and the Subscription Agent, and each of their respective affiliates, officers, directors, counsel and advisors, arising out of or related to the Rights Offering and the receipt, delivery, disbursements, calculations, transmission or segregation of cash, Rights and Rights Offering Notes, except to the extent such rights, claims or causes of action arise from any act of gross negligence or willful or intentional misconduct or fraud; provided, however, that nothing herein shall amend, modify or otherwise alter the rights of the Backstop Parties that survive termination of the Backstop Agreement (including, without limitation, rights to indemnification, reimbursement and contribution).

Exemption from Securities Act Registration

Each Right and Rights Offering Note is being distributed and issued by the Company without registration under the Securities Act, in reliance upon the exemption set forth in section 1145 of the Bankruptcy Code.

Except with respect to any person that is an underwriter as defined in section 1145(b) of the Bankruptcy Code, no registration under Section 5 of the Securities Act (or any State or local law requiring registration for offer or sale of a security) shall be required in connection with the issuance and distribution of the Rights or the Rights Offering Notes issued upon exercise thereof.

Please refer to Section [·] of the Disclosure Statement and Article [·] of the Plan for a more detailed discussion regarding the issuance of the New First Lien Notes pursuant to the Plan, including applicable transfer restrictions.

Rights Offering Conditioned Upon Plan Confirmation; Reservation of Rights

All exercises of Rights are subject to and conditioned upon the confirmation of the Plan and the occurrence of the Effective Date.

Notwithstanding anything contained herein, the Disclosure Statement or the Plan to the contrary, the Debtors, with the consent of the Requisite Backstop Parties, such consent not to be unreasonably withheld, reserve the right to adopt additional procedures to more efficiently administer the Rights Offering or make such other changes to the Rights Offering, including the criteria for eligibility to participate in the Rights Offering, as necessary in the Debtors' or Reorganized Debtors' business judgment to more efficiently administer the distribution and exercise of the Rights, or to comply with applicable law.

Rights Offering Distribution

The Rights Offering Notes acquired in connection with the Rights Offering by Eligible Participants that have elected to participate in the Rights Offering and who have validly exercised their Rights shall be distributed in accordance with the distribution provisions contained in Article VIII of the Plan.

Backstop Agreement

The Debtors will assume the Backstop Agreement and consummate the transactions contemplated thereby in accordance with the terms and conditions thereof.

There will be no over-subscription privilege in the Rights Offering. Rights Offering Notes that are not subscribed-for in the Rights Offering will not be offered to other Eligible Participants but will be purchased by the Backstop Parties in accordance with the Backstop Agreement. Pursuant to the Backstop Agreement, subject to the terms, conditions and limitations set forth therein, and in reliance on the representations and warranties set forth therein, each of the Backstop Parties has agreed, severally and not jointly, to give the Company the right to require such Backstop Party, and each Backstop Party has agreed, to purchase from the Company, on the Effective Date, at the aggregate Purchase Price (as defined in the Backstop Agreement) therefor, its Backstop Commitment Percentage of all Rights Offering Notes not otherwise subscribed for and purchased by Eligible Participants pursuant to the Rights Offering.

Inquiries and Transmittal of Documents; Subscription Agent

Questions relating to these Rights Offering Procedures or otherwise participating in the Rights Offering should be directed to the Subscription Agent at:

NGR Rights Offering Processing
c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022
(855) 410-7361
[newgulfballots@primeclerk.com]

All documents relating to the Rights Offering are or will be available from the Subscription Agent as set forth herein. In addition, such documents, together with all filings made with the Bankruptcy Court in the Chapter 11 Cases, are or will be available free of charge from the Debtors' restructuring website [(*http://cases.primeclerk.com/newgulf/*)].

Before electing to participate in the Rights Offering, all Eligible Participants should review the Disclosure Statement (including the risk factors described in the section entitled [*"Additional Risk Factors to be Considered"*]) and the Plan in addition to these Rights Offering Procedures and the instructions contained in the Rights Exercise Form.

Eligible Participants may wish to seek legal advice concerning the Rights Offering.

These Rights Offering Procedures and the accompanying Rights Exercise Form and Withdrawal Form should be read carefully and the instructions therein must be strictly followed. The risk of non-delivery of any documents sent or payments remitted to the Subscription Agent in connection with the exercise of Rights or the withdrawal of any exercise of Rights lies solely with Eligible Participants, and shall not fall on the Debtors, Reorganized Debtors or any of their respective officers, directors, employees, agents or legal or financial advisors, including the Subscription Agent, under any circumstance whatsoever.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	§	**Chapter 11**
NEW GULF RESOURCES, LLC., *et al.*,[4]	§	**Case No. 15-[-]**
Debtors.	§	**Joint Administered Requested**

INSTRUCTIONS TO RIGHTS EXERCISE FORM AND WITHDRAWAL FORM IN CONNECTION WITH THE JOINT CHAPTER 11 PLAN OF REORGANIZATION OF NEW GULF RESOURCES, LLC, AND ITS DEBTOR AFFILIATES

RIGHTS OFFERING EXPIRATION DATE

All Rights Exercise Forms and payments of the Aggregate Rights Offering Subscription Price, or, if applicable, Withdrawal Forms, must be received by the Subscription Agent no later than 5:00 p.m. (Eastern Time) on [·], 2016 (as may be extended in accordance with the Rights Offering Procedures, the "Rights Offering Expiration Date").

These Rights Offering Procedures have been approved by the Bankruptcy Court pursuant to the Rights Offering Procedures Order.

The Rights Offering, the distribution of each Right and the issuance of each New First Lien Note are being conducted under the Plan.

Each Right and New First Lien Note is being distributed and issued by the Company without registration under the Securities Act, in reliance upon the exemption provided in section 1145 of the Bankruptcy Code.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security and no Rights may be sold or independently transferred.

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that

[4] The Debtors in these cases and their respective tax identification numbers are: NGR Holding Company LLC *(*81-0781782*);* New Gulf Resources, LLC (27-5431365); NGR Finance Corp. (61-1735563) and NGR Texas, LLC (*a disregarded entity*).

participates, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be further supplemented from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For a copy of the Disclosure Statement or the Plan (including any Plan Supplement), please contact the Subscription Agent or see the Debtors' restructuring website [(http://cases.primeclerk.com/ngr/)].

December 17, 2015, NGR Holding Company LLC ("**NGR**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**") filed the *Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified or supplemented from time to time, the "**Plan**") and the *Solicitation and Disclosure Statement for the Joint Chapter 11 Plan of Reorganization* (as may be amended, modified or supplemented from time to time, the "**Disclosure Statement**"). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Rights Offering Procedures.

An "**Eligible Participant**" means a Person that is the beneficial owner of an Eligible Claim as of [January [·]], 2016 (the "**Rights Offering Record Date**").

An "**Eligible Claim**" means the principal amount of an Allowed Second Lien Notes Claim held by an Eligible Participant on the Rights Offering Record Date.

Please use the enclosed Rights Exercise Form to execute your election. In order to participate in the Rights Offering, you *must* duly complete, execute and return the attached Rights Exercise Form, together with your full payment for the exercise of your Rights as set forth below, to Prime Clerk, LLC (the "**Subscription Agent**") on or before the Rights Offering Expiration Date set forth above; provided, however, that Backstop Parties who are Eligible Participants shall only be required to deliver their respective Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. This Rights Exercise Form must indicate the whole number of Rights Offering Notes (up to the applicable amount of Available Notes) that you elect to purchase, and you must pay by wire transfer of immediately available funds (to the account indicated herein) an amount equal to the product of (a) the number of Available Notes you elect to purchase and (b) the Per Note Price (the "**Aggregate Rights Offering Subscription Price**"). In addition to the foregoing, in order to participate in the Rights Offering, you must also agree to (i) vote to accept the Plan and timely deliver a ballot voting to accept the Plan in accordance with solicitation procedures approved by the Bankruptcy Court, and (ii) not opt out of any releases set forth in Article VII of the Plan.

An Eligible Participant that has exercised its Rights and returned a Rights Exercise Form may revoke, withdraw or otherwise cancel its previous exercise of Rights (or any portion thereof) by ensuring that a properly completed and duly executed Withdrawal Form, substantially in the form enclosed herewith (a "**Withdrawal Form**"), is received by the Subscription Agent prior to **5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date**. The amount of any Aggregate Rights Offering Subscription Price (or applicable portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be refunded, without interest, to the Eligible Participant as set forth in the Rights Offering Procedures.

Once an Eligible Participant has withdrawn its election to exercise its Rights (or any portion thereof), the Eligible Participant may again elect to exercise all or a portion of its Rights only by again following the proper exercise procedures described herein and properly completing and delivering a Rights Exercise Form. Following withdrawal, if an Eligible Participant again elects to exercise all or a portion of its Rights, the Eligible Participant bears the risk that it will not yet have received a refund from the Subscription Agent for the withdrawn exercise of Rights and will need to pay additional funds in connection with such new election.

Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be supplemented, modified or amended from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For a copy of the Disclosure Statement, the Plan or any Plan supplement, please contact the Subscription Agent or see the Debtors' restructuring website [(http://cases.primeclerk.com/newgulf/)].

For further information on how to participate in the Rights Offering, please see the accompanying Rights Offering Procedures. If you have any questions about the Rights Exercise Form or the Rights Offering Procedures, please contact the Subscription Agent at **(855) 410-7361**.

If your Rights Exercise Form is not properly completed, executed and received by the Subscription Agent by the Rights Offering Expiration Date, your Rights will terminate and be cancelled.

To purchase New First Lien Notes pursuant to the Rights Offering:

1. **Review** the total amount of your Eligible Claims as indicated in Item 1 by your Nominee.

2. **Complete** the calculations in Items 2a and 2b, indicating the whole number of Available Notes you wish to purchase.

3. **Complete** Item 3.

4. **Carefully review, complete and execute** the certification, representations and acknowledgements in Item 4.

5. **Nominee Certification.** Provide the Nominee Certification in Item 3 on the last page of this Distribution Registration Form to your bank, broker, or other nominee (a "Nominee"). Your

Nominee must read and complete this Nominee Certification and return it to you (as you are required to submit this Nominee Certification as part of this form in accordance with Step 4 above). Alternatively, your Nominee may have completed Item 4 prior to distributing the Distribution Registration Form to you.

6. **Return the Rights Exercise Form** in the enclosed pre-addressed envelope or via another approved return method so that it is received by the Subscription Agent on or before the Rights Offering Expiration Date; provided, however, that if you are a Backstop Party, you shall only be required to deliver your Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement. You may also deliver your completed Rights Exercise Form to the Subscription Agent via email at [newgulfballots@primeclerk.com].

7. **Pay the Aggregate Rights Offering Subscription Price** to the Subscription Agent by wire transfer of immediately available funds so that it is received by the Subscription Agent on or before the Rights Offering Expiration Date. Call the Subscription Agent, Prime Clerk, LLC, at **(855) 650-7243**, to confirm receipt of payment.

To withdraw the exercise of any Rights previously exercised pursuant to a Right Exercise Form:

1. **Complete and execute** the Withdrawal Form enclosed herewith.

2. **Return the Withdrawal Form** via an approved return method so that it is received by the Subscription Agent on or before the Rights Offering Expiration Date. You may also deliver your completed Withdrawal Form to the Subscription Agent via email at [newgulfballots@primeclerk.com].

Before electing to participate in the Rights Offering, all Eligible Participants should review the Disclosure Statement (including the risk factors described in the section entitled "Additional Risk Factors to be Considered") and the Plan in addition to the accompanying Rights Offering Procedures and the instructions contained herein.

You may wish to seek legal advice concerning the Rights Offering.

RIGHTS EXERCISE FORM
IN CONNECTION WITH THE JOINT CHAPTER 11 PLAN OF REORGANIZATION OF NEW GULF RESOURCES, LLC, AND ITS DEBTOR AFFILIATES

RIGHTS OFFERING EXPIRATION DATE

All Rights Exercise Forms and payments of the Aggregate Rights Offering Subscription Price must be received by the Subscription Agent no later than 5:00 p.m. (Eastern Time) on [·], 2016 (as may be extended in accordance with the Rights Offering Procedures, the "Rights Offering Expiration Date").

Please refer to the Disclosure Statement and the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code (as each may be amended, modified or supplemented from time to time, the "Disclosure Statement" and the "Plan," respectively) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable transfer restrictions.

Please consult the accompanying Rights Offering Procedures and Instructions for additional information with respect to this Rights Exercise Form.

These Rights Offering Procedures have been approved by the Bankruptcy Court pursuant to the Rights Offering Procedures Order.

The Rights Offering, the distribution of each Right and the issuance of each New First Lien Note are being conducted under the Plan.

Each Right and New First Lien Note is being distributed and issued by the Company without registration under the Securities Act, in reliance upon the exemption provided in section 1145 of the Bankruptcy Code.

None of the Rights distributed in connection with these Rights Offering Procedures have been or will be registered under the Securities Act, or any state, local or foreign law requiring registration for offer or sale of a security and no Rights may be sold or independently transferred.

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participates, in good faith and in compliance with the applicable provisions of the Bankruptcy Code,

in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale, or purchase of securities.

Please refer to the Disclosure Statement and the Plan (as the Disclosure Statement and the Plan may be further supplemented from time to time) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable settlement procedures and transfer restrictions. For a copy of the Disclosure Statement or the Plan (including any Plan Supplement), please contact the Subscription Agent or see the Debtors' restructuring website [(*http://cases.primeclerk.com/ngr/*)].

Item 1. Amount of Eligible Claims. Pursuant to the Plan, each Eligible Participant (as defined below) is entitled to participate in the Rights Offering to the extent of such Eligible Participant's Eligible Claims (as defined below). Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Rights Offering Procedures.

Only Eligible Participants may participate in the Rights Offering.

An "**Eligible Participant**" means a Person that is the beneficial owner of an Eligible Claim as of [January [·]], 2016 (the "**Rights Offering Record Date**").

An "**Eligible Claim**" means the principal amount of an Allowed Second Lien Notes Claim held by an Eligible Participant on the Rights Offering Record Date.

For purposes of this Rights Exercise Form, the total amount of your Eligible Claims is:

$_____

(Nominee to Enter Amount of Eligible Claim)

Item 2. Rights. Each Eligible Participant is entitled to purchase a number of Rights Offering Notes corresponding to the total amount of its Eligible Claims.

To participate in the Rights Offering, please review Item 2a below, and read and complete Items 2b and 3 below.

To participate in the Rights Offering, please complete Items 2a and 2b below, review and complete Item 3 below and read and complete Item 4 below.

2a. Calculation of Number of Available Notes. The number of Rights Offering Notes for which you may subscribe pursuant to the Rights Offering is calculated as follows:

50,000 (The total number of Rights Offering Notes available to all Rights Offering Participants)	X	Eligible Claims [From Item 1] divided by [Aggregate Principal Amount of All Allowed Second Lien Claims]	=	[_____] (Enter the Number of Available Notes, rounded down to the nearest whole Rights Offering Note)

2b. Rights Offering Note Exercise Amount and Payment of Aggregate Rights Offering Subscription Price. By filling in the following blanks, you are indicating your intention to purchase the number of Rights Offering Notes specified below (please specify a whole number of Rights Offering Notes not greater than the figure in Item 2a), at a Rights Offering Subscription Price of $1,000 per Rights Offering Note, on the terms and subject to the conditions set forth in the Plan and Rights Offering Procedures.

_____ (Indicate the number of Rights Offering Notes you elect to purchase)	X	$1,000 (Per Note Price)	=	$_____ (Aggregate Rights Offering Subscription Price)

Payment of the Aggregate Rights Offering Subscription Price indicated above will be due by wire transfer prior to the Rights Offering Expiration Date, to be made in accordance with the instructions below. An Eligible Participant shall be deemed to have relinquished and waived all rights to participate in the Rights Offering if the Subscription Agent for any reason does not receive from an Eligible Participant, on or before the Rights Offering Expiration Date, (i) a duly completed and executed Rights Exercise Form and (ii) payment of the Aggregate Rights Offering Subscription Price by or on behalf of such Eligible Participant. Notwithstanding the foregoing, an Eligible Participant who is a Backstop Party shall only be required to deliver its Aggregate Rights Offering Subscription Price in accordance with the terms of the Backstop Agreement.

Wire Delivery Instructions for Aggregate Rights Offering Subscription Price:

Account Name: _____
Account No.: _____

ABA/Routing No.: _____
Bank Name: _____
Bank Address: _____
Ref: _____

Item 3. In the event that monies funded by you are to be returned pursuant to the accompanying Rights Offering Procedures, please provide your wire instructions and address. In the event you do not provide wire instructions, any refund to which you are entitled will be sent to your mailing address:

Refund Wire Delivery Instructions:

Account Name: _____
Account No.: _____
ABA/Routing No.: _____
Bank Name: _____
Bank Address: _____
Ref: _____

Eligible Participant's Mailing Address:

Street Address:_____

City, State, Zip Code:_____

Item 4. Certification. The undersigned certifies, for and on behalf of the Eligible Participant, that the Eligible Participant (i) as of the Rights Offering Record Date, was the holder of the amount of Eligible Claims listed under Item 1 above, (ii) is entitled to participate in the Rights Offering to the extent of my, or such holder's, Eligible Claims as indicated under Item 1 above, (iii) has received and reviewed (or appropriate representatives of the Eligible Participant have received and reviewed) a copy of the Plan, the Disclosure Statement (including the risk factors described in the section entitled ["Additional Factors to be Considered"]) and the Rights Offering Procedures and (iii) understands that such Eligible Participant's participation in the Rights Offering is subject to all of the terms and conditions set forth in the Plan and Rights Offering Procedures. This certification is not an admission as to the ultimate allowed amount of Eligible Claims.

The undersigned, for and on behalf of the Eligible Participant, represents and warrants that the Eligible Participant:

(i) is an Eligible Participant;

(ii) recognizes and understands that the Rights are not transferable or assignable, and may only be exercised by an Eligible Participant;

(iii) acknowledges and agrees that except as provided under applicable state securities laws and in the Rights Offering Procedures, the exercise of the Rights is and shall be irrevocable unless a Withdrawal Form is properly completed, duly executed and delivered to the Subscription Agent prior to 5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date; provided, that nothing in the Rights Offering Procedures shall amend, modify or otherwise alter the right of the Requisite Backstop Parties to terminate the Backstop Agreement pursuant to the terms of the Backstop Agreement;

(iv) has read and understands the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan and the Disclosure Statement and understands the terms and conditions herein and therein and the risks associated with the Debtors and their business as described in the Disclosure Statement;

(v) is not a party to any contract with any person that would give rise to a valid claim against any of the Debtors for a brokerage commission, finder's fee or like payment in connection with the investment;

(vi) is not relying upon any information, representation or warranty other than as set forth in the Rights Offering Procedures, the Rights Offering Exercise Form, the Plan, or the Disclosure Statement; provided, however, that the Backstop Parties are relying on the representations and warranties of the Debtors made in the Backstop Agreement; and

(vii) has consulted, to the extent deemed appropriate, with its own advisors as to the financial, tax, legal and related matters concerning an investment in the Rights Offering Notes and on that basis believes that an investment in the Rights Offering Notes is suitable and appropriate for itself.

As of the Effective Date, by virtue of my election to exercise Rights, I hereby waive and release, to the fullest extent permitted under applicable law, all rights, claims or causes of action against the Debtors, the Reorganized Debtors, the Backstop Parties and the Subscription Agent, and each of their respective affiliates, officers, directors, counsel and advisors, arising out of or related to the Rights Offering and the receipt, delivery, disbursements, calculations, transmission or segregation of cash, Rights and Rights Offering Notes, except to the extent such rights, claims or causes of action arise from any act of gross negligence or willful or intentional misconduct or fraud; provided, however, that, if the undersigned is a Backstop Party, nothing herein shall amend, modify or otherwise alter the rights of the undersigned that survive termination of the Backstop Agreement (including, without limitation, rights to indemnification, reimbursement and contribution).

BEFORE ELECTING TO PARTICIPATE IN THE RIGHTS OFFERING, ALL ELIGIBLE PARTICIPANTS SHOULD REVIEW THE DISCLOSURE STATEMENT (INCLUDING THE RISK FACTORS DESCRIBED IN THE SECTION ENTITLED "*ADDITIONAL RISK FACTORS TO BE CONSIDERED*") AND THE PLAN IN ADDITION TO THE ACCOMPANYING RIGHTS OFFERING PROCEDURES AND THE INSTRUCTIONS CONTAINED HEREIN.

YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE RIGHTS OFFERING.

[Signature page and Nominee Certification page follow]

I acknowledge that by executing this Rights Exercise Form the undersigned Eligible Participant will be bound to pay for the Rights Offering Notes that it has subscribed for pursuant to the instructions that will be set forth in a separate notice and that the undersigned Eligible Participant may be liable to the Debtors to the extent of any nonpayment.

Date: _____, 2015

Name of Eligible
Participant: _____
(Print or Type)

Social Security or Federal Tax I.D. No.:_____
(Optional)

Signature: _____

Name of Person Signing: _____
(If other than as given above)

Title (if corporation, partnership or LLC):_____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

Email: _____

PLEASE NOTE: NO EXERCISE OF RIGHTS WILL BE VALID UNLESS A PROPERLY COMPLETED AND SIGNED RIGHTS EXERCISE FORM, TOGETHER WITH YOUR FULL PAYMENT FOR THE EXERCISE OF SUCH RIGHTS, IS RECEIVED BY THE SUBSCRIPTION AGENT ON OR BEFORE 5:00 P.M. (EASTERN TIME) ON THE RIGHTS OFFERING EXPIRATION DATE; PROVIDED, HOWEVER, THAT IF YOU ARE A BACKSTOP PARTY, YOU SHALL ONLY BE REQUIRED TO DELIVER YOUR AGGREGATE RIGHTS OFFERING SUBSCRIPTION PRICE IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT.

This page must be completed by the Nominee holding Second Lien Notes (the "Notes").

Item 5. Nominee Certification. Your ownership of the Second Lien Notes (CUSIPS 64455QAC2, 64455QAD0 and U64169AB8) must be confirmed by your Nominee. The Nominee holding your Second Lien Notes as of the Record Date (i.e., **,** 2016) must complete the box below on your behalf.

To be completed by Nominee only	
DTC Participant Name: _____	Nominee Contact Name: _____
DTC Participant Number: _____	Nominee Authorized Signature: _____
Principal Amount Held by Nominee (CUSIP 64455QAC2) for account indicated below as of : $_____	Nominee Contact Number: _____
Principal Amount Held by Nominee (CUSIP 64455QAD0) for account indicated below as of : $_____	Nominee Email Address: _____
Principal Amount Held by Nominee (CUSIP U64169AB8) for account indicated below as of : $_____	**Nominee's Medallion Guarantee (or attach authorized signatory list hereto)**

WITHDRAWAL FORM IN CONNECTION WITH THE DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

If you previously returned a Rights Exercise Form to exercise all or a portion of your Rights to purchase Rights Offering Notes pursuant to the Rights Offering and would like to change your election to participate in the Rights Offering and withdraw your previously submitted election to purchase all or a portion of the Rights Offering Notes you elected to purchase pursuant to the Rights Exercise Form, you *must* duly complete, execute and return the attached Withdrawal Form to Prime Clerk, LLC (the "**Subscription Agent**") on or before **5:00 p.m. (Eastern Time) on the Rights Offering Expiration Date**.

Refunds of any applicable Aggregate Rights Offering Subscription Price (or portion thereof) received by the Subscription Agent from an Eligible Participant who subsequently elects to withdraw the exercise of its Rights (or any portion thereof) and timely returns a properly completed and duly executed Withdrawal Form to the Subscription Agent shall be made, without interest, as provided in the Rights Offering Procedures to the applicable Eligible Participant in accordance with the refund delivery instructions specified in Item 3 of the Eligible Participant's Rights Exercise Form.

RIGHTS OFFERING EXPIRATION DATE

All Withdrawal Forms must be received by the Subscription Agent no later than 5:00 p.m. (Eastern Time) on [·] (as may be extended in accordance with the Rights Offering Procedures, the "Rights Offering Expiration Date").

Please refer to the Disclosure Statement and the Debtors' Joint Chapter 11 Plan of Reorganization (as each may be amended, modified or supplemented from time to time, the "Disclosure Statement" and the "Plan," respectively) for information regarding the issuance of New First Lien Notes pursuant to the Plan, including applicable transfer restrictions.

Please consult the accompanying Rights Offering Procedures and Instructions for additional information with respect to this Withdrawal Form.