

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
ENDURO RESOURCE PARTNERS LLC, <i>et al.</i> ,)	Case No. 18-11174 (KG)
Debtors. ¹)	(Jointly Administered)
)	
)	

**DISCLOSURE STATEMENT FOR
JOINT PLAN OF LIQUIDATION OF ENDURO RESOURCE PARTNERS LLC
AND ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Proposed Counsel to the Debtors and Debtors in Possession

Dated: May 18, 2018

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN.

¹ The debtors in these chapter 11 cases, along with the last four digits of each debtor's United States federal tax identification number, if applicable, or other applicable identification number, are: Enduro Resource Partners LLC (6288); Enduro Resource Holdings LLC (5571); Enduro Operating LLC (7513); Enduro Management Company LLC (5932); Washakie Midstream Services LLC (7562); and Washakie Pipeline Company LLC (7798). The debtors' mailing address is 777 Main Street, Suite 800, Fort Worth, Texas 76102.

THIS SOLICITATION OF VOTES (THE “*SOLICITATION*”) IS BEING CONDUCTED TO OBTAIN SUFFICIENT ACCEPTANCES OF THE PLAN (AS DEFINED HEREIN) UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE (THE “*BANKRUPTCY CODE*”). THIS DISCLOSURE STATEMENT [HAS BEEN APPROVED] BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE SOLICITATION OF VOTES, THE DEBTORS EXPECT TO PROMPTLY SEEK ORDERS OF THE BANKRUPTCY COURT (A) APPROVING THE SOLICITATION OF VOTES AS BEING IN COMPLIANCE WITH SECTIONS 1125 AND 1126(b) OF THE BANKRUPTCY CODE, AND (B) CONFIRMING THE PLAN.

DISCLOSURE STATEMENT, DATED MAY 18, 2018

**Solicitation of Votes on the
Plan of Liquidation of**

ENDURO RESOURCE PARTNERS LLC AND ITS DEBTOR AFFILIATES

from the holders of outstanding

**FIRST LIEN CLAIMS
GENERAL UNSECURED CLAIMS
SECOND LIEN CLAIMS**

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., EASTERN TIME, ON JULY 23, 2018, UNLESS EXTENDED BY THE DEBTORS (AS DEFINED HEREIN). THE RECORD DATE FOR DETERMINING WHICH HOLDERS OF CLAIMS OR INTERESTS MAY VOTE ON THE PLAN IS JUNE 20, 2018 (THE “*VOTING RECORD DATE*”).

RECOMMENDATION BY THE DEBTORS

The sole member of Enduro Resource Partners LLC (“*Enduro*”) and the board of managers, members, or partners, as applicable, of each of its affiliated Debtors (as of the date hereof) have unanimously approved the transactions contemplated by the Solicitation and the Plan and recommend that all creditors whose votes are being solicited submit ballots to accept the Plan.

HOLDERS OF CLAIMS OR INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE AND SHOULD CONSULT WITH THEIR OWN ADVISORS BEFORE VOTING ON THE PLAN.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING STATEMENTS INCORPORATED BY REFERENCE, PROJECTED FINANCIAL INFORMATION, AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

FURTHER, READERS ARE CAUTIONED THAT ANY FORWARD-LOOKING STATEMENTS HEREIN ARE BASED ON ASSUMPTIONS THAT ARE BELIEVED TO BE REASONABLE, BUT ARE SUBJECT TO A WIDE RANGE OF RISKS IDENTIFIED IN THIS DISCLOSURE STATEMENT. DUE TO THESE UNCERTAINTIES, READERS CANNOT BE ASSURED THAT ANY FORWARD-LOOKING STATEMENTS WILL PROVE TO BE CORRECT. THE DEBTORS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, UNLESS INSTRUCTED TO DO SO BY THE BANKRUPTCY COURT.

HOLDERS OF ALLOWED OTHER SECURED CLAIMS WILL NOT BE IMPAIRED BY THE PLAN AND, AS A RESULT, THE RIGHT OF SUCH HOLDERS TO RECEIVE PAYMENT IN FULL ON ACCOUNT OF EXISTING OBLIGATIONS OR INTERESTS IS NOT ALTERED BY THE PLAN. UNTIL SUCH TIME AS THE DEBTORS CONSUMMATE THE SALE OF ALL OR SUBSTANTIALLY ALL OF THEIR ASSETS, AS FURTHER DESCRIBED IN THIS DISCLOSURE STATEMENT, THE DEBTORS INTEND TO OPERATE THEIR BUSINESSES IN THE ORDINARY COURSE AND HAVE OBTAINED AUTHORIZATION FROM THE BANKRUPTCY COURT TO MAKE PAYMENT IN FULL ON A TIMELY BASIS TO ALL EMPLOYEES, ROYALTY AND WORKING INTEREST OWNERS, AND CERTAIN TRADE CREDITORS OF ALL AMOUNTS DUE PRIOR TO AND DURING THE CHAPTER 11 CASES.

NO INDEPENDENT AUDITOR OR ACCOUNTANT HAS REVIEWED OR APPROVED THE FINANCIAL PROJECTIONS OR THE LIQUIDATION ANALYSIS HEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARIES IN THIS DISCLOSURE STATEMENT.

THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PARTY FOR ANY OTHER PURPOSE.

ALL EXHIBITS TO THE DISCLOSURE STATEMENT ARE INCORPORATED INTO AND ARE PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

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Exhibit A	Plan
Exhibit B	Initial SAPSA
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Exhibit D	Liquidation Analysis

I.
INTRODUCTION

The Debtors submit this Disclosure Statement in connection with the Solicitation of votes on the *Joint Plan of Liquidation of Enduro Resource Partners LLC and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code*, dated May 18, 2018 (as may be amended from time to time, the “**Plan**,” attached hereto as **Exhibit A**). The Debtors under the Plan are Enduro Resource Partners LLC; Enduro Resource Holdings LLC; Enduro Operating LLC (“**Enduro Operating**”); Enduro Management Company LLC; Washakie Midstream Services LLC; and Washakie Pipeline Company LLC (collectively, the “**Debtors**”). Capitalized terms used in this Disclosure Statement, but not otherwise defined herein, have the meanings ascribed to such terms in the Plan. To the extent any inconsistencies exist between this Disclosure Statement and the Plan, the Plan governs.

Chapter 11 is the chapter of the Bankruptcy Code primarily used for business reorganization. The fundamental purpose of a chapter 11 case is to formulate a plan to restructure a debtor’s finances so as to maximize recoveries to its creditors. With this purpose in mind, businesses sometimes use chapter 11 as a means to conduct asset sales and other forms of liquidation. Whether the aim is reorganization or liquidation, a chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and stockholders with respect to their claims against and equity interests in a debtor’s bankruptcy estate.

The Debtors are commencing this Solicitation after extensive discussions over the past several months with certain of their key creditor constituencies, including with certain creditors holding First Lien Claims and Second Lien Claims. As a result of these negotiations, the Debtors entered into that certain *Sale and Plan Support Agreement*, dated as of May 15, 2018 (the “**Initial SAPSA**”), with certain lenders holding First Lien Claims (the “**Consenting First Lien Lenders**”) and the agent under their first lien credit facility (the “**First Lien Agent**”). Shortly after commencing these Chapter 11 Cases, the Debtors, the Consenting First Lien Lenders, and the First Lien Agent reached further agreement with certain lenders under its second lien credit facility (the “**Consenting Second Lien Lenders**”), as reflected in that certain *Second Lien Support Agreement and First Amendment to Sale and Plan Support Agreement*, dated as of May 17, 2018 (the “**SAPSA Amendment**,” and together with the Initial SAPSA as amended thereby, the “**SAPSA**”). The Consenting First Lien Lenders hold, in the aggregate, approximately 78 percent of the aggregate principal outstanding amount of First Lien Claims, and the Consenting Second Lien Lenders hold, in the aggregate, approximately 79 percent of the principal outstanding amount of Second Lien Claims. A copy of the Initial SAPSA is attached hereto as **Exhibit B**, and a copy of the SAPSA Amendment is attached hereto as **Exhibit C**. The SAPSA is also summarized further in this Disclosure Statement.

In connection with these negotiations, the Consenting First Lien Lenders, the First Lien Agent, and the Consenting Second Lien Lenders agreed to support the sale of substantially all of the Debtors’ assets, with the proceeds of such sales to be distributed, as set forth the Plan and the SAPSA, entirely to Holders of First Lien Claims, other than the distributions to be provided under, and pursuant to, the Plan to holders of Second Lien Claims and General Unsecured Claims and certain reserves to be funded to pay administrative expenses and to fund the Debtors’ post-sale wind-down. The SAPSA also establishes deadlines by which the Debtors must (a) obtain approval of their bidding procedures and of their asset sales, approval of this Disclosure Statement, and confirmation of the Plan, and (b) consummate their sales and the Plan. As of the date of this Disclosure Statement, the Bankruptcy Court [has entered an order approving bidding procedures and established a bid deadline of July 11, 2018, at 5:00 p.m. (prevailing Eastern time) (the “**Bid Deadline**”). (See [Docket No. ____].) If a valid overbid is received as to any of the Debtors’ assets, the Debtors anticipate conducting an auction as to such assets on July 16, 2018 (the “**Auction**”). The Bankruptcy Court has scheduled a hearing (the “**Sale Hearing**”) to consider approval of

the sale of substantially all of the Debtors' assets on July 19, 2018, at 2:00 p.m. (prevailing Eastern time).]

In addition to this asset sale process, the Plan contemplates that any assets remaining in the Debtors' Estates as of the Effective Date will vest in a trust (the "*Plan Administration Trust*") for liquidation for the benefit of Holders of Allowed Claims. The Plan Administration Trust is to be managed by a Plan Administrator. The Plan Administrator will be responsible for taking the necessary and appropriate actions to administer the remaining assets of the Debtors' estates, and to proceed with an orderly, expeditious, and efficient wind-down and distribution of the remaining assets of the Debtors in accordance with the terms of the Plan.

The Debtors believe that the distributions under the Plan will provide all Holders of Claims against and Interests in the Debtors at least the same recovery on account of Allowed Claims as would a liquidation of the Debtors' assets conducted under chapter 7 of the Bankruptcy Code. Furthermore, distributions under the Plan to Holders of Claims and Interests would be made more quickly than distributions by a chapter 7 trustee and a chapter 7 trustee would charge a substantial fee, reducing the amount available for distribution on account of Allowed Claims and Interests. Thus, the Debtors believe that confirmation and consummation of the Plan, including the sale of substantially all of their assets as contemplated by the Plan, is in the best interests of all Holders of Claims and Interests.

THE DEBTORS, THE CONSENTING FIRST LIEN LENDERS, THE CONSENTING SECOND LIEN LENDERS, AND THE FIRST LIEN AGENT SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN. THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE HIGHEST AND BEST RECOVERY FOR ALL CREDITORS AND INTEREST HOLDERS.

Under the Bankruptcy Code, only Holders of Claims in "impaired" Classes are entitled to vote on the Plan. Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under the Plan unless (a) the Plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (b) notwithstanding any legal right to an accelerated payment of such claim or interest, the Plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

Class 2 (First Lien Claims), Class 3 (General Unsecured Claims), and Class 4 (Second Lien Claims) are the only Classes that are impaired and whose votes to accept or reject the Plan are being solicited.

The following table summarizes (a) the treatment of Claims and Interests under the Plan, (b) which Classes are impaired by the Plan, (c) which Classes are entitled to vote on the Plan, and (d) the estimated recoveries for holders of Claims and Interests. The table is qualified in its entirety by reference to the full text of the Plan. For a more detailed summary of the terms and provisions of the Plan, see Section VI—Summary of the Plan below.

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote on the Plan	Approx. Percentage Recovery
1	Other Secured Claims	<p>Except to the extent a Holder of an Allowed Other Secured Claim has been paid by the Debtors prior to the Effective Date or the Holder of a Other Secured Claim and the Debtors agree to less favorable treatment of such Claim, each Holder of an Allowed Other Secured Claim (including any Claim for postpetition interest accrued until the Effective Date at the non-default rate provided in the applicable contract or, if there is no contract, then at the Federal Judgment Rate, to the extent permissible under section 506(a) of the Bankruptcy Code) shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Secured Claim, in the discretion of the Debtors, one of the following alternative treatments:</p> <p>(i) payment of the Allowed Class 1 Other Secured Claim in full in Cash from the Other Secured Claims Reserve Amount on the later of the Effective Date or as soon as practicable after a particular Claim becomes Allowed;</p> <p>(ii) delivery to the Holder of the Allowed Class 1 Other Secured Claim of the collateral securing such Allowed Class 1 Other Secured Claim; or</p> <p>(iii) such other treatment as may be agreed to by the applicable Debtor and the Holder.</p>	Unimpaired	No (Presumed to accept)	100%
2	First Lien Claims	Each Holder of a First Lien Claim shall receive: (i) on the Effective Date or as soon as reasonably practicable thereafter, a distribution of its share, as determined in accordance with the First Lien Credit Agreement, of (x) the First Lien Cash (including, promptly upon the return or release of such amounts to the Debtors, any deposits held by third parties, any holdback amount	Impaired	Yes	37%

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote on the Plan	Approx. Percentage Recovery
		pursuant to any Purchase Agreement, or any similar amounts) and (y) solely in the event that there is no Acceptable Package 2 Purchaser at the conclusion of the Sale Process, one hundred percent (100%) of the Newco Equity; and (ii) its share, as determined in accordance with the First Lien Credit Agreement, of (x) any Cash remaining in the Sale Reserve Account and all other assets remaining in the Plan Administration Trust reasonably promptly after completion of the Wind Down and (y) any Cash remaining in the Claims Reserve Account reasonably promptly after the closing of the Chapter 11 Cases. The treatment received by each holder of First Lien Claims shall be on account of its entire First Lien Claim, including any First Lien Deficiency Claim, and the holders of First Lien Claims shall be deemed to waive all turnover provisions under the Intercreditor Agreement solely with respect to distributions from the Unsecured Claims Reserve Amount and the Second Lien Claims Reserve Account.			
3	General Unsecured Claims	Each Holder of a Class 3 Unsecured Claim shall receive payment in Cash in accordance with the Plan Administration Process equal to (i) if holders of General Unsecured Claims voting as a Class approve the Plan, the lesser of (A) the amount of such Claim and (B) a Pro Rata distribution of Cash from the Unsecured Claims Reserve Amount or (ii) otherwise, \$0.	Impaired	Yes	1%–18% ²

² This recovery percentage for General Unsecured Claims assumes that Class 3 votes as a Class to accept the Plan and reflects, on the high end, the Debtors' good faith estimate of the projected Allowed amount of General Unsecured Claims and, on the low end, recoveries if General Unsecured Claims are Allowed in the amount of \$10,000,000.

Class	Claim or Equity Interest	Treatment	Impaired or Unimpaired	Entitlement to Vote on the Plan	Approx. Percentage Recovery
4	Second Lien Claims	Subject to the Second Lien Credit Agreement, each Holder of a Class 4 Second Lien Claim shall receive the amount from the Second Lien Claims Reserve Amount that it is entitled to in accordance with the Second Lien Credit Agreement and the Plan Administration Process.	Impaired	Yes	1%
5	Intercompany Claims	On the Effective Date, all Class 5 Intercompany Claims shall be canceled and shall be of no further force and effect.	Impaired	No (Deemed to reject)	0%
6	Intercompany Interests	On the Effective Date, all Class 6 Intercompany Interests shall be canceled and shall be of no further force and effect.	Impaired	No (Deemed to reject)	0%
7	Enduro Equity Interests	On the Effective Date, all Class 7 Enduro Equity Interests shall be canceled and shall be of no further force and effect, whether surrendered for cancellation or otherwise.	Impaired	No (Deemed to reject)	0%

PLEASE TAKE NOTE OF THE FOLLOWING KEY DATES AND DEADLINES FOR THE CHAPTER 11 CASES:

Deadline to vote to accept or reject the Plan:	5:00 p.m. (Prevailing Eastern Time) on July 23, 2018
Deadline to object to confirmation of the Plan	5:00 p.m. (Prevailing Eastern Time) on July 23, 2018
Deadline for entry of order confirming the Plan:	90 days after the Petition Date
Deadline for the Effective Date of the Plan:	98 days after the Petition Date

II.
OVERVIEW OF THE DEBTORS' OPERATIONS

A. The Debtors' Business

The Debtors are an independent oil and natural gas company engaged in the acquisition, exploration, exploitation, development, and operation of oil and gas properties. The Debtors have both operated and non-operated oil and gas assets in Texas, Louisiana, New Mexico, North Dakota, and Wyoming, as well as royalty interests in certain properties in Montana.

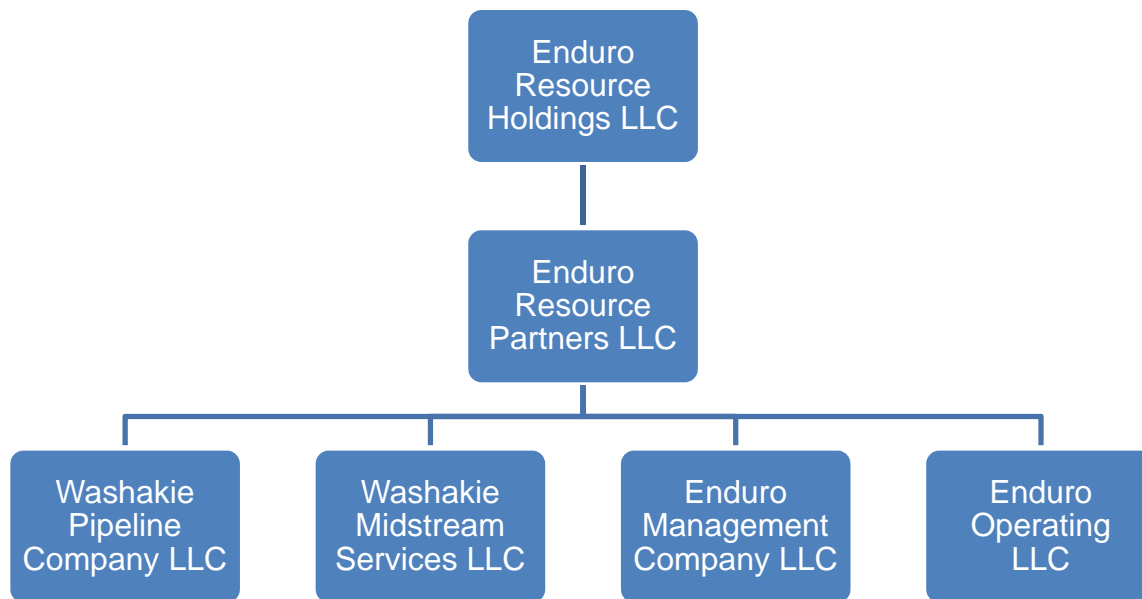
The Debtors have conventional oil assets in North Dakota and Wyoming with large original oil-in-place fields and owned infrastructure, including a sour gas plant and an oil pipeline system. As of September 2017, these assets had a net production of 2,650 barrels of oil equivalent per day. The Debtors also have unconventional assets in North Louisiana and Shelby County, Texas, with significant development

opportunities available on those properties with the assistance of modern technology. As of September 2017, the unconventional assets had a net production of 7.0 million cubic feet equivalent per day.

In addition, the Debtors have royalty and working interests in non-operated assets in the Permian Basin in New Mexico and Texas, and in the Haynesville Shale in Louisiana that are subject to an eighty percent (80%) net profits interest of Enduro Royalty Trust, as described further below. Enduro Resource Partners LLC owns 26.1 percent of Enduro Royalty Trust's public equity units. For the avoidance of doubt, Enduro Royalty Trust is not a Debtor in these Chapter 11 Cases, nor do the Debtors have a controlling position in Enduro Royalty Trust's equity units.

B. The Debtors' Organizational Structure

Enduro Resource Partners LLC is a privately-held, Delaware limited liability company that was founded in 2010 by Riverstone Holdings LLC (the "*Sponsor*"), a private investor group, and certain individual investors. In July 2011, Enduro Resource Holdings LLC ("*Enduro Holdings*") was formed, and became the sole member of Enduro. Enduro Holdings is the ultimate corporate parent, and the other Debtors are all of its direct and indirect, wholly-owned subsidiaries, as depicted below.



C. Formation of Enduro Royalty Trust

In 2011, the Debtors established and offered to the public a "royalty trust," which is a trust entity formed for the sole purpose of owning specified oil and gas interests. These entities are often used as financing vehicles by upstream oil and gas companies, similar to the way other businesses might securitize other types of assets. The company contributes interests that it owns to the trust and offers equity in the trust to raise capital for the company's operations.

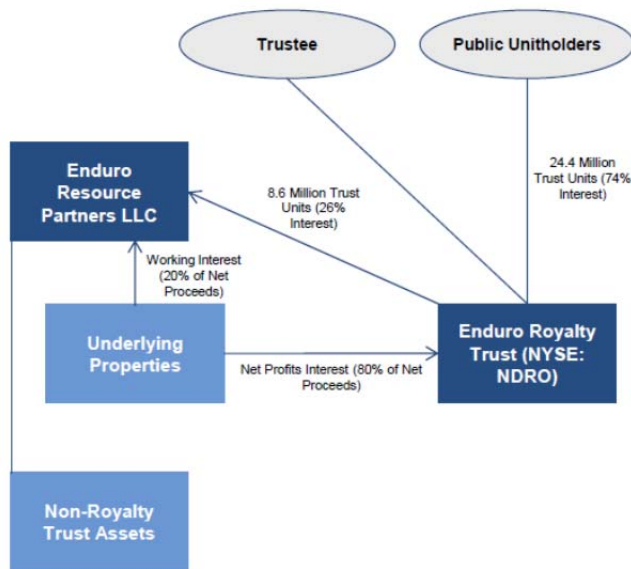
In the Debtors' case, Enduro established Enduro Royalty Trust, a Delaware statutory trust formed on May 3, 2011, pursuant to a trust agreement (as amended and restated on November 3, 2011, the "*Trust*

Agreement) among Enduro Resource Partners LLC, as trustor, The Bank of New York Mellon Trust Company, N.A. (the **Trustee**), as trustee, and Wilmington Trust Company, as Delaware trustee.

Enduro Royalty Trust was created to acquire and hold, for the benefit of the Trust’s unitholders, a net profits interest representing the right to receive 80 percent of the net profits from the sale of oil and natural gas production from certain properties owned by the Debtors in the states of Texas, Louisiana, and New Mexico as of the date of the creation of the net profits interest to the Trust (the **Net Profits Interest**). The properties in which Enduro Royalty Trust holds the Net Profits Interest are referred to as the **Underlying Properties.**

To implement this net profits interest transaction, Enduro Operating LLC and Enduro Texas LLC merged, with each entity surviving the merger. By virtue of the merger, Enduro Texas LLC retained all rights, title, and interest to 80% of the net profits from the sale of oil and natural gas production from certain properties in Texas, Louisiana, and New Mexico. In connection with that merger, Enduro Operating LLC and Enduro Texas LLC entered into a Conveyance of Net Profits Interest, dated effective as of July 1, 2011 (the **Conveyance**), to effect the transfer of the Net Profits Interest from Enduro Operating LLC to Enduro Texas LLC.

On November 8, 2011, the merger (the **Trust Merger**) of Enduro Texas LLC with and into Enduro Royalty Trust, pursuant to an Agreement and Plan of Merger dated November 3, 2011 (the **Trust Merger Agreement**), became effective. Under the terms of the Trust Merger Agreement, Enduro Royalty Trust continued as the surviving entity, and the limited liability company interest in Enduro Texas LLC held by Enduro Resource Partners LLC prior to the effective time of the Trust Merger converted into the right to receive 100 percent of the Trust Units. Further, by virtue of the Trust Merger, Enduro Royalty Trust retained all right, title, and interest to the Net Profits Interest. Since the Trust Merger, Enduro Resource Partners LLC has consummated two public offerings of Trust Units and retains 26.1 percent of the total number of outstanding Trust Units. The diagram below summarizes the current corporate relationship as between the Debtors and Enduro Royalty Trust. For the avoidance of doubt, No other Debtors own any Trust Units, and Enduro Royalty Trust is not a debtor in these Chapter 11 Cases.



D. The Debtors' Capital Structure

The following descriptions are for informational purposes only and are qualified in their entirety by reference to the documents setting forth the specific terms of such obligations and their respective related agreements.

As of the date hereof, the Debtors had outstanding funded debt obligations in the aggregate amount of approximately \$350 million, which amount consists of (a) approximately \$209 million in secured borrowings under the Debtors' First Lien Credit Agreement (as defined below) and (b) approximately \$141 million in secured borrowings under the Debtors' Second Lien Credit Agreement (as defined below).

1. First Lien Credit Agreement

Enduro Resource Partners LLC, as borrower, and Bank of America, N.A., as administrative agent (the "**First Lien Agent**"), and the other lenders party thereto, are parties to that certain Amended and Restated Credit Agreement, dated as of August 1, 2013 (as modified, amended, or supplemented from time to time, the "**First Lien Credit Agreement**"). In connection with the First Lien Credit Agreement, the Debtors entered into security documents providing for liens on substantially all of their owned real property and mineral interests, all cash, accounts receivable, inventory, intangibles, and fixed assets, and the retained Trust Units. In addition, each of the Debtors other than Enduro Resource Partners LLC provided guarantees of all obligations under the First Lien Credit Agreement.

2. Second Lien Credit Agreement

Enduro Resource Partners LLC, as borrower, and Wilmington Trust, National Association, as administrative agent (the "**Second Lien Agent**"), and the other lenders party thereto, are parties to that certain Second Lien Term Loan Agreement, dated as of June 5, 2015 (as modified, amended, or supplemented from time to time, the "**Second Lien Credit Agreement**"). In connection with the Second Lien Credit Agreement, the Debtors entered into security documents providing for liens on substantially all of their owned real property and mineral interests, all accounts receivable, inventory, intangibles, and fixed assets, and the retained Trust Units. In addition, each of the Debtors other than Enduro Resource Partners LLC provided guarantees of all obligations under the Second Lien Credit Agreement. The Debtors, the First Lien Agent, and the Second Lien Agent are parties to an intercreditor agreement that sets forth the relative rights and priorities as between the First Lien Agent and First Lien Lenders, on the one hand, and the Second Lien Agent and Second Lien Lenders, on the other.

III.

KEY EVENTS LEADING TO THE COMMENCEMENT OF CHAPTER 11 CASES

A. Collapse in Oil Prices

The Debtors, like numerous other upstream oil and gas companies, have come under financial stress as a direct result of the historic drop and sustained depressed levels in oil and gas prices, which never recovered far enough to make the Debtors' capital structure sustainable. Despite substantial efforts the Debtors undertook to reduce long-term debt, reduce spending, and otherwise improve their capital and financial strength, as discussed below, the Debtors were unable to position themselves to repay or refinance the First Lien Credit Agreement at or before its March 30, 2018 maturity. Based on current market conditions, the Debtors believe that a sale of substantially all of their assets under chapter 11 of the Bankruptcy Code will yield the highest recovery to their various constituencies.

B. March 2016 Out-of-Court Restructuring Transactions

In response to deteriorating commodity prices, which saw crude oil spot prices fall to roughly one third of their August 2014 value by January 2016, the Debtors worked diligently to reduce spending and consummated a number of strategic transactions which, as further described below, permitted the Debtors to pay down and amend the First Lien Credit Agreement, restructure the Second Lien Credit Agreement, and establish a new class of units to infuse additional capital into the Company.

In late 2015, the Debtors began working with Latham & Watkins LLP ("*Latham*"), as counsel, and Evercore Group L.L.C. ("*Evercore*"), as financial advisor, to assist them in developing and implementing a comprehensive restructuring plan. The Debtors determined that a restructuring was in their best interests in light of numerous factors, including the dramatic decline in commodity prices, their significant secured indebtedness, the likelihood that commodity prices would remain at depressed levels, and the potential need for them to seek bankruptcy protection in the absence of a restructuring.

After engaging in good faith, arms' length negotiations with all constituencies in their capital structure, on March 4, 2016, the Debtors executed an out-of-court restructuring of their debt and equity (the "*2016 Restructuring*"). The core components of the 2016 Restructuring included: (i) the waiver of certain defaults under and other amendments to the First Lien Credit Agreement that, among other things, reduced the Debtors' cash interest obligations, accompanied by a \$15 million cash paydown to the lenders thereunder; (ii) the amendment and restatement of the Second Lien Credit Agreement to provide for a new, \$8 million first out, second lien loan and an additional \$22 million lent by the Sponsor (through its affiliate that holds the membership interests in Enduro Holdings) on a second-out basis thereunder; (iii) the issuance of new equity and warrants and the re-designation and splitting of existing equity units; and (iv) a cash infusion from the Sponsor and certain individual equity holders, in exchange for new equity that substantially diluted then-existing equity. By reducing the liquidity demands of their debt and obtaining substantial new capital, the Debtors hoped that the 2016 Restructuring would enable them to weather the commodity price environment and address their capital structure through repayment or refinancing, as and when needed.

C. September 2017 Permian Asset Sale

After a robust marketing process, on September 12, 2017, Enduro Operating LLC, with the approval of the requisite percentage of holders of Trust Units, sold certain of its oil and gas properties in the Permian Basin, located in New Mexico and Texas, for \$49.1 million (the "*September 2017 Asset Sale*"). Under the Conveyance, Enduro Royalty Trust was entitled to and received eighty percent (80%) of the net proceeds from the transaction. After closing this transaction, the Debtors paid down \$10 million of the First Lien Credit Agreement with proceeds from the September 2017 Asset Sale and other cash on hand.

D. 2017 Forbearance Agreements and Restructuring Negotiations

Despite the best efforts of the Debtors and their senior management to actively manage their capital structure and reduce their interest expense and debt obligations, the significant and sustained drop in oil and natural gas prices and related decrease in the Debtors' revenues and cash flows from operations left the Debtors under a cloud of uncertainty as to whether they would be able to address, by repayment or refinancing, the March 30, 2018 maturity of the First Lien Credit Agreement.

Thus, in early 2017, the Debtors and their advisors commenced negotiations with the First Lien Agent and its restructuring advisors, as well as a steering committee of First Lien Lenders (the "*Steering Committee*"), regarding the Debtors' financial position, defaults under the First Lien Credit Agreement relating to the inclusion of a "going concern" qualification from the Debtors' auditor in their 2016

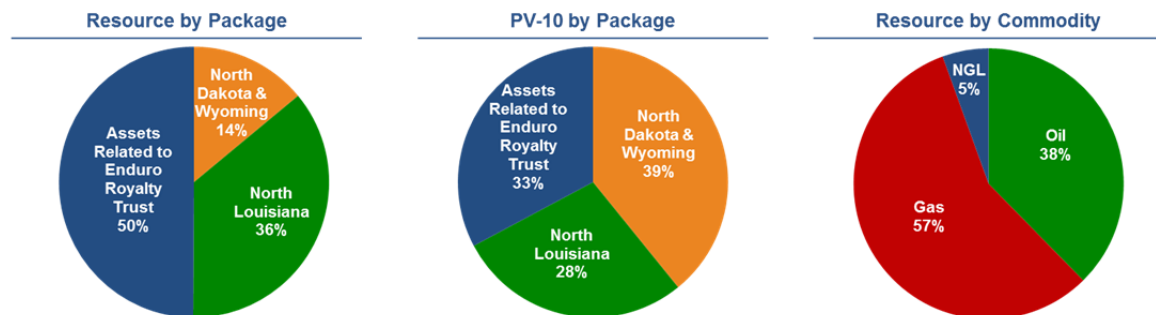
financial statements, and the maturity of the First Lien Credit Agreement. As a result of these discussions, the parties entered into a forbearance agreement on April 28, 2017 (the “**April 2017 Forbearance Agreement**”), which required the Debtors to, among other things, deliver proposals by September 29, 2017, for repaying or refinancing the First Lien Credit Agreement that were acceptable in form and substance to the First Lien Agent and a majority of the First Lien Lenders (the “**September 29 Covenant**”). The Forbearance Agreement also required the Debtors and a majority of the First Lien Lenders to reach a final agreement on pursuing such a proposal by December 15, 2017 (the “**December 15 Covenant**”).

On September 27, 2017, the Debtors delivered a proposal to the First Lien Agent, in accordance with the September 29 Covenant. On October 10, 2017, the First Lien Lenders and the First Lien Agent delivered a reservation of rights letter to the Debtors, preserving their right to assert an event of default based on their position that the Debtors’ proposal had not satisfied the September 29 Covenant.

On October 26, 2017, the Debtors, the First Lien Agent, and certain First Lien Lenders executed a further forbearance agreement, relating to the September 29 Covenant and December 15 Covenant (the “**October 2017 Forbearance Agreement**”). The October 2017 Forbearance Agreement required the Debtors to deliver a marketing plan acceptable to the First Lien Agent and a majority of the First Lien Lenders for the sale of substantially all of their assets by November 10, 2017, and to comply with additional milestones in marketing and selling their assets. Over the ensuing months, the Debtors arranged a plan for maximizing the value of their assets through a comprehensive marketing and sale process, as further described below. After designing that plan, the Debtors discussed it with the First Lien Agent and its advisors, as well as advisors to the majority Second Lien Lender, and incorporated feedback from those parties before embarking on their sale process.

E. Prepetition Sale Process

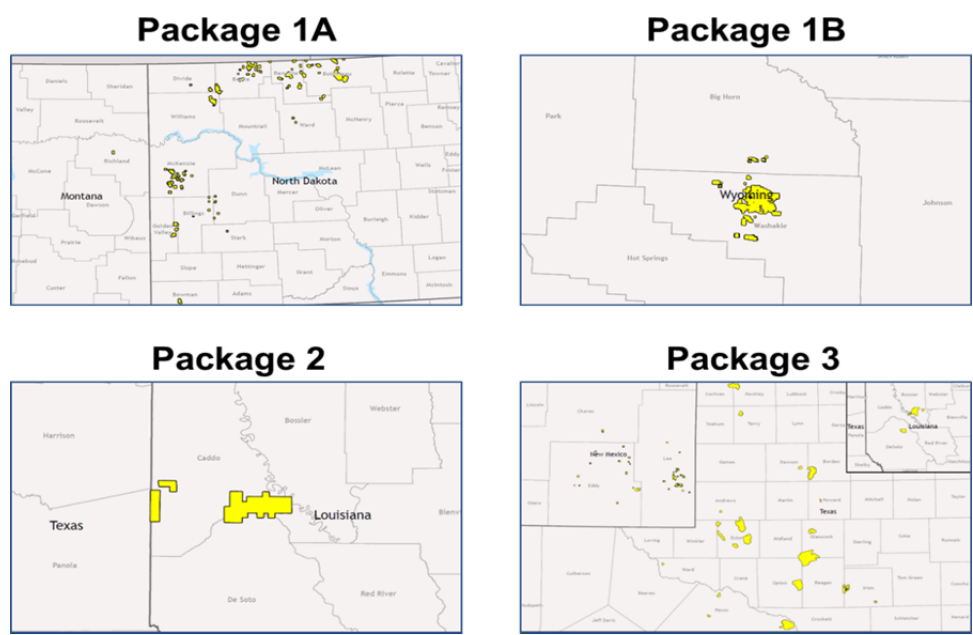
The agreed-upon sale process contemplated a broad initial outreach to a large list of potential buyers, followed by targeted follow-up with a tailored buyer list. The sale process also contemplated selling the Debtors’ assets in three parts: (i) certain assets in North Dakota and Wyoming (the “**Package 1 Assets**”), (ii) certain assets in North Louisiana (the “**Package 2 Assets**”), and (iii) certain properties underlying the Enduro Royalty Trust and the Trust Units owned by Enduro Resource Partners LLC (the “**Package 3 Assets**”). At the time of the marketing process, these packages were composed as depicted below:



On January 12, 2018, the Debtors launched their sale process. Communication between Evercore and potential counterparties began immediately after the launch and increased during the following weeks. Evercore distributed a teaser regarding the sale to a total of 908 potential buyers. More than 130 potential buyers engaged with Evercore following the initial launch, and approximately forty-nine executed confidentiality agreements to receive more information and were given access to the Debtors’ virtual data

room in order to conduct due diligence regarding the Debtors’ assets. Throughout this process, the Debtors worked closely with their advisors to respond to bidder inquiries, strategize ways to encourage participation and bids, and advance bidders through the process, all with an eye toward maximizing competition and value.

The deadline for submission of bids was February 23, 2018. The Debtors received eight conforming bids, as well as four bids that did not conform to the Debtors’ requirements. Over the ensuing weeks, the Debtors engaged with a number of these bidders simultaneously, ultimately narrowing the field to one bidder for the Package 3 Assets, and two bidders for two sub-sets of the Package 1 Assets (divided between assets in North Dakota (the “*Package 1A Assets*”) and in Wyoming (the “*Package 1B Assets*”). While the Debtors received interest from several parties in the Package 2 Assets, they were unable to advance any of those bids far enough to finalize a stalking horse agreement for the Package 2 Assets. As currently constituted, the asset packages are as illustrated below:



After substantial good faith, arms’ length negotiations, the Debtors and certain bidders agreed to definitive documentation providing for these bidders to act as stalking horses for certain of the asset packages. On May 14, 2018, Enduro Operating LLC executed a purchase and sale agreement with three bidders (the “*Stalking Horse PSAs*”). The applicable bidder (the “*Stalking Horse Bidder*”) under each of the Stalking Horse PSAs and the proposed purchase price are set forth below:

Asset Package	Stalking Horse Bidder	Purchase Price
Package 1A	Cobra Oil & Gas Corporation	\$45,000,000
Package 1B	Mid-Con Energy Properties, LLC	\$5,000,000
Package 3	Evolution Petroleum Corporation	\$27,500,000

Each of the Stalking Horse PSAs contains customary market terms for the Debtors' size and industry, including covenants, representations and warranties from the buyer and seller, procedures to address title defects, if any, and closing conditions. One key condition is court approval of stalking horse bid protections for each of the Proposed Purchasers, including a reasonable break-up fee and expense reimbursement (the "***Bid Protections***"). [After a hearing conducted on June 11, 2018, the Bankruptcy Court approved the Bid Protections, and the Debtors anticipate holding an auction for any assets on which they receive a qualified bid (other than from a Stalking Horse Bidder) on July 16, 2018 in Houston, Texas.]

F. 2018 Negotiations With First Lien Agent and Second Lien Lender

As the maturity of the First Lien Credit Agreement on March 30, 2018, neared, the Debtors engaged in renewed negotiations with the First Lien Agent around the terms of a further forbearance agreement, which was executed by the Debtors, the First Lien Agent, and a majority of the First Lien Lenders on May 1, 2018.

In addition, the Debtors and the First Lien Agent began discussions around the terms for an agreed-upon path through chapter 11. After considerable arms' length negotiations, the Debtors, the First Lien Agent, and the Consenting First Lien Lenders, holding approximately 78 percent of the outstanding First Lien Claims, executed the Initial SAPSA on May 15, 2018.

Just before commencing these Chapter 11 Cases, the Debtors learned that the First Lien Agent and the Consenting First Lien Lenders had agreed with the majority Second Lien Lender that, subject to, and in accordance with, the Second Lien Credit Agreement, a \$1.1 million cash distribution would be made on account of second lien claims under the Plan. In addition, the Debtors, the First Lien Agent, and the Consenting First Lien Lenders agreed that the Plan would provide for a distribution for general unsecured claimants at least equal to the rate of recovery being provided to the Second Lien Lenders thereunder. This agreement was reflected in the SAPSA Amendment, executed by the Debtors (subject to approval of the Bankruptcy Court), the First Lien Agent, the Consenting First Lien Lenders, and the Consenting Second Lien Lenders on May 17, 2018.

The SAPSA embodies the Consenting First Lien Lenders' and the Consenting Second Lien Lenders' consent to and support for funding a value-maximizing chapter 11 sale process and responsible wind down after closing of the sales. In addition, the SAPSA contains customary covenants, termination rights, and transfer restrictions as to the First Lien Claims held by the First Lien Agent and the Consenting First Lien Lenders. The SAPSA also provides that each Second Lien Lender is third-party beneficiary thereof, unless and until such Second Lien Lender takes any proscribed action in contravention of its agreement to support the Debtors' sale process and confirmation of the Plan.

Thus, as a result of all the parties' concerted efforts, the Debtors have commenced Solicitation with the support from a substantial majority of the holders of First Lien Claims and all of their Second Lien Lenders.

IV. MATERIAL EVENTS DURING THE CHAPTER 11 CASES³

The Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code on May 15, 2018 (the "***Petition Date***"). Set forth below is a summary of certain material events that have occurred since the Petition Date.

³ Article IV will be updated to reflect applicable circumstances as of the commencement of solicitation.

A. Commencement of Chapter 11 Cases and First Day Motions

The Debtors have operated and intend to continue to operate their businesses in the ordinary course during the pendency of the Chapter 11 Cases as they have prior to the Petition Date. To facilitate the prompt and efficient implementation of the Plan through the Chapter 11 Cases, the Debtors Chapter 11 Cases have been assigned to the same bankruptcy judge and administered jointly. The Debtors filed various motions seeking relief from the Bankruptcy Court to facilitate a smooth business transition through the Chapter 11 Cases, and minimize any disruptions to the Debtors' operations (the "**First Day Motions**"). The following is a brief overview of the relief the Bankruptcy Court granted shortly after the Petition Date in order to maintain their operations in the ordinary course.

1. Cash Management System

The Debtors maintain a centralized cash management system designed to receive, monitor, aggregate, and distribute cash. At a hearing before the Bankruptcy Court on May 17, 2018 (the "**First Day Hearing**"), the Bankruptcy Court granted the Debtors authority to continue the use of their existing cash management system, bank accounts, and related business forms to avoid a disruption in the Debtors' operations and facilitate the efficient administration of the Chapter 11 Cases.

2. Use of Cash Collateral

To address their working capital needs and fund their chapter 11 efforts, the Debtors require the use of cash that is subject to liens (the "**Cash Collateral**") granted in favor of the lenders under the First Lien Credit Agreement and the Second Lien Credit Agreement. The Debtors requested authority to continue to use the Cash Collateral in the ordinary course of business subject to certain restrictions. Following the First Day Hearing, the Bankruptcy Court entered an order approving the Debtors' Cash Collateral motion on an interim basis. [Thereafter, on June 11, 2018, the Bankruptcy Court conducted a further hearing to consider granting the relief requested in certain of the Debtors' First Day Motions on a final basis (the "**Second Day Hearing**"). The Bankruptcy Court granted the Debtors authority to use Cash Collateral on a final basis at the Second Day Hearing.]

3. Taxes

To minimize any disruption to the Debtors' operations and ensure the efficient administration of the Chapter 11 Cases, at the First Day Hearing, the Bankruptcy Court granted the Debtors' request to pay certain taxes, fees, and similar charges and assessments that arose prepetition, including any such amounts that become due and owing postpetition, to the appropriate taxing, regulatory, or other governmental authority in the ordinary course of the Debtors' business. [At the Second Day Hearing, the Bankruptcy Court authorized the Debtors to pay all such amounts on a final basis.]

4. Utilities

In the ordinary course of business, the Debtors incur certain expenses related to essential utility services, such as electricity, gas, water, satellite, and telecommunications. Accordingly, at the First Day Hearing, the Debtors requested and were granted (i) authority from the Bankruptcy Court to continue payments to such utility providers in the ordinary course and (ii) approval of procedures to provide such utility providers with adequate assurance that the Debtors will continue to honor the Debtors' obligations in the ordinary course. [At the Second Day Hearing, the Bankruptcy Court entered a substantially similar order, granting such relief on a final basis.]

5. Insurance and Surety

The maintenance of certain insurance and surety bond coverage is essential to the Debtors' operations and is required by laws, various regulations, financing agreements, and revenue contracts. The Debtors believe that the satisfaction of their obligations relating to their insurance policies and surety bond programs, whether arising pre- or postpetition, is necessary to maintain the Debtors' relationships with their insurance and surety bond providers and ensure the continued availability and commercially reasonable pricing of such insurance and surety coverage. [Accordingly, the Debtors sought and were granted authority from the Bankruptcy Court to continue to honor their obligations under their existing policies and programs in the ordinary course at the Second Day Hearing.]

6. Employee Wages and Benefits

The Debtors' business, including the operation of the Debtors' oil and gas properties, is labor-intensive and relies heavily on their employees and contractors. To minimize the uncertainty and potential distractions associated with the Chapter 11 Cases and the potential disruption of the Debtors' operations resulting therefrom, at the First Day Hearing, the Debtors were granted authority, on an interim basis, to continue to honor their obligations to their workforce in the ordinary course of business, including (a) the payment of pre- and postpetition wages, salaries, reimbursable employee expenses, and accrued and unpaid employee benefits and (b) the continuation of the Debtors' benefit programs and policies. After the Second Day Hearing, the Bankruptcy Court granted this relief on a final basis, including as to an incentive program tied to the Debtors' sale process instituted for certain of the Debtors' non-management employees.

7. Royalties and Working Interest Disbursements

The Debtors are parties to numerous joint operating agreements and other contracts governing operations on their oil and gas or leases. In addition, the Debtors are obligated, pursuant to their oil and gas leases, to remit revenue to the lessors who own the mineral rights leased by the Debtors, which is attributable to their share of production from the producing wells located on their respective leases or leases and lands pooled or unitized therewith, free of expenses of production. To preserve the status quo, avoid the incurrence of unnecessary statutory liens, and to eliminate the risk of pervasive litigation over the existence of statutory liens, lien priorities, and the amounts of claims of the various interest owners, the Debtors sought interim and final authority to (a) deliver, in the ordinary course of business, the funds owed to the holders of royalty interests and working interests as required by the leases and related agreements, and (b) continue to satisfy the obligations incurred in connection with the operation of their oil and gas leases, including their lease operating expenses, joint interest billing and other joint operating agreement obligations, in the ordinary course of business and without regard to whether such obligations related to pre- or post-petition periods. [The Bankruptcy Court granted this relief.]

8. Lien Creditors

Before the Petition Date and in the ordinary course of business, the Debtors contracted with certain vendors to transport, deliver, and process the Debtors' oil and gas assets. The Debtors also use certain vendors to store equipment when not being used. These vendors and other parties in interest, including counterparties to the Debtors' joint billing agreements, may have statutory or contractual authority to take security interests, priorities, or other rights in or over the Debtors' assets in the instance that amounts due and owing to these creditors have not been paid. In order to avoid disruption to the Debtors' operation if vendors were to assert these rights, the Debtors sought entry of an interim and final orders authorizing, but not directing, them to remit and pay in the ordinary course of business, in their sole discretion, any prepetition and postpetition amounts owing on account of (a) operating expenses, (b) joint interest billings, (c) marketing expenses, (d) claims held by shippers and warehousemen, and (e) certain claims arising under section 503(b)(9) of the Bankruptcy Code (collectively, "*Lien Creditors*"). Following the

First Day Hearing, the Bankruptcy Court entered an order approving the Debtors' authority to continue to pay Lien Creditors on an interim basis. [The Bankruptcy Court granted this relief on a final basis after the Second Day Hearing.]

B. Other Significant Motions

1. Bar Date

On May 16, 2018, the Debtors filed a motion requesting the Bankruptcy Court establish a date for filing proofs of claim (the "*Bar Date Motion*"). On [●], the Bankruptcy Court entered an order granting the Bar Date Motion and establishing [July 16, 2018] as the deadline for submitting proofs of claim on account of claims against the Debtors, other than claims of governmental units and other exceptions set forth in the order, and establishing [November 12, 2018] as the deadline for governmental units to submit proofs of claim.

2. Key Employee Incentive Plan

The Debtors also filed a motion seeking authority to make payments under the Debtors' key employee incentive plan for certain senior management employees and executives. The purpose of the plan is to incentivize the Debtors' employees to maximize the value of the Debtors' assets and combat the negative employee morale that could otherwise result from the uncertainties and increased burdens associated with the Debtors' marketing and sale process and value degradation that could occur if any members of the Debtors' management team were to resign. [Following a hearing on this motion, the Bankruptcy Court entered an order authorizing the Debtors to make these payments under the key employee incentive plan.]

C. Sale and Bidding Procedures

To implement their postpetition marketing and sale process, the Debtors filed a motion seeking entry of two orders [Docket No. 20] (the "*Sale Motion*"). First, the Debtors sought entry of the an order authorizing bidding procedures, approving, among other things, (i) proposed bidding procedures and bid protections in favor of the Stalking Horse Bidders, (ii) the form and manner of notice of the proposed sale transactions, the bidding procedures, the Auction, and the Sale Hearing, and (iii) dates for the Auction, the Sale Hearing, and related dates and deadlines. [The Bankruptcy Court entered this order at [Docket No. ___] (the "*Bidding Procedures Order*"). Under the Bidding Procedures Order, the Auction is scheduled to occur on July 16, 2018, at 10:00 a.m. (prevailing Eastern time), and the Sale Hearing is scheduled to occur on July 19, 2018, at 2:00 p.m. (prevailing Eastern time). Both of these scheduled dates are subject to postponement in accordance with the Bidding Procedures Order.]

In addition, the Sale Motion requested entry of one or more orders authorizing the sale of the Debtors' assets and the assumption and assignment of contracts therewith, free and clear of liens, subject to certain exceptions and as set forth in the applicable purchase agreements of the prevailing bidders. [Consideration of this requested relief is scheduled to occur at the Sale Hearing.]

D. Other Procedural Motions and Retention of Professionals

The Debtors have filed several other motions that are common to chapter 11 proceedings of similar size and complexity as the Chapter 11 Cases, including applications to retain various professionals to assist the Debtors in the Chapter 11 Cases. [The Bankruptcy Court has granted these motions and applications.]

V.
SUMMARY OF THE PLAN

This section of the Disclosure Statement summarizes the Plan, a copy of which is attached hereto as **Exhibit A**. This summary is qualified in its entirety by reference to the Plan.

A. Administrative Claims and Priority Claims

1. Treatment of General Administrative Claims

Except with respect to Administrative Claims that are Fee Claims and except to the extent that a Holder of an Allowed Administrative Claim and the applicable Debtors agree to less favorable treatment for such Holder's Allowed Administrative Claim, each Holder of an Allowed Administrative Claim shall be paid in full in Cash on the latest of: (a) the Effective Date; (b) the date such Administrative Claim is Allowed; and (c) the date such Allowed Administrative Claim becomes due and payable.

2. Treatment of Fee Claims

On or immediately prior to the Effective Date, the Debtors shall pay all amounts owing to the Professionals for all unpaid Fee Claims relating to prior periods and for the period ending on the Effective Date. The Professionals shall estimate Fee Claims due for periods that have not been billed as of the Effective Date, which amounts, for the avoidance of doubt, shall be paid on or immediately prior to the Effective Date. On or prior to forty-five (45) days after the Effective Date, each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date; *provided* that the Debtors may pay retained Professionals or other Entities in the ordinary course of business after the Effective Date, without further Bankruptcy Court order; and *provided, further*, that any Professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation or reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Debtors and the requesting party no later than twenty (20) days after such Fee Claim is Filed with the Bankruptcy Court. To the extent necessary, the Plan and the Confirmation Order shall amend and supersede any previously entered order regarding the payment of Fee Claims. Within ten (10) days after entry of a Final Order with respect to its final fee application, each Professional shall remit any overpayment to the Debtors and the Debtors shall pay any unpaid amounts to each Professional.

3. Treatment of Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim and the applicable Debtors agree to less favorable treatment for such Holder's Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will be paid in full in Cash from the Claims Reserve Account on the latest of: (a) the Effective Date; (b) the date such Priority Tax Claim is Allowed; and (c) the date such Allowed Priority Tax Claim becomes due and payable.

4. Treatment of Other Priority Claims

Each Holder of an Allowed Other Priority Claim due and payable on or before the Effective Date shall receive, on the Distribution Date, at the option of the Debtors, one of the following treatments: (1) Cash from the Claims Reserve Account in an amount equal to the amount of such Allowed Other Priority

Claim or (2) such other treatment as may be agreed upon by such Holder and the Debtors or otherwise determined upon an order of the Bankruptcy Court.

5. Treatment of Statutory Fees

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code prior to the Effective Date shall be paid by the Debtors on the Effective Date. After the Effective Date, the Plan Administrator shall pay any and all such fees when due and payable from the Claims Reserve Account. The Debtors shall file all quarterly reports due prior to the Effective Date when they become due, in a form reasonably acceptable to the U.S. Trustee. After the Effective Date, the Plan Administrator shall file with the Bankruptcy Court quarterly reports when they become due, in a form reasonably acceptable to the U.S. Trustee, which reports shall include a separate schedule of disbursements made by the Disbursing Agent during the applicable period, attested to by an authorized representative of the Disbursing Agent. Each and every one of the Debtors shall remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case being closed, dismissed, or converted to a case under chapter 7 of the Bankruptcy Code.

B. Classification of Claims and Interests

1. Classification in General

Pursuant to section 1122 of the Bankruptcy Code, the Plan designates Classes of Claims against and Interests in the Debtors. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released or otherwise satisfied prior to the Effective Date.

2. Formation of Debtor Groups for Convenience Only

The Plan groups the Debtors together solely for the purpose of describing treatment under the Plan, confirmation of the Plan, and making Plan distributions in respect of Claims against and Interests in the Debtors under the Plan. Such groupings will not unfairly prejudice or harm any creditor because they will not affect any Debtor's status as a separate legal entity, change the organizational structure of the Debtors' business enterprise, constitute a change of control of any Debtor for any purpose, cause a merger of consolidation of any legal Entities, or cause the transfer of any assets, and, except as otherwise provided by or permitted under the Plan, all Debtors will continue to exist as separate legal Entities.

3. Summary of Classification of Claims and Interests

The following table designates the Classes of Claims against and Interests in each of the Debtors and specifies which of those Classes are (a) Impaired or Unimpaired by the Plan, (b) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, and (c) presumed to accept or reject the Plan, as the case may be. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in this Section 3.

Class	Claim/Interest	Status	Voting Rights
1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)

Class	Claim/Interest	Status	Voting Rights
2	First Lien Claims	Impaired	Entitled to Vote
3	General Unsecured Claims	Impaired	Entitled to Vote
4	Second Lien Claims	Impaired	Entitled to Vote
5	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
6	Intercompany Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
7	Enduro Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

4. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights and defenses in respect of any Claim or Interest that is Unimpaired under the Plan, including, without limitation, all rights in respect of (1) legal and equitable defenses to, (2) setoff or recoupment against, or (3) counter-claims with respect to any such Unimpaired Claims and Interests.

5. Voting; Presumptions; Solicitation

(a) Acceptance by Certain Impaired Classes. Only holders of Allowed Claims in Classes 2, 3, and 4 are entitled to vote to accept or reject the Plan. An Impaired Class of Claims will have accepted the Plan if (i) the holders of at least two-thirds (2/3) in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the holders of more than one-half (1/2) in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. Holders of Claims in Classes 2, 3, and 4 will receive ballots containing detailed voting instructions.

(b) Presumed Acceptance by Unimpaired Classes. Holders of Claims in Class 1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, such holders are not entitled to vote to accept or reject the Plan.

(c) Presumed Rejection by Impaired Classes. Holders of the Claims in Classes 5, 6, and 7 are presumed to have rejected the Plan. Accordingly, such holders are not entitled to vote to accept or reject the Plan.

6. Confirmation of the Plan Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class. The Debtors will request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not vote to accept the Plan pursuant to section 1126(c) of the Bankruptcy Code. The Debtors reserve the right to modify the Plan in accordance with its terms to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

7. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests (or any Class of Claims or Interests) are Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or prior to the Confirmation Date.

C. Treatment of Claims and Interests

1. Class 1: Other Secured Claims

- (a) *Classification:* Each Class 1 Claim is an Other Secured Claim against the applicable Debtor. With respect to each Debtor, this Class will be further divided into subclasses designated by letters of the alphabet (Class 1A, Class 1B, and so on), so that each Holder of any Other Secured Claim against such Debtor is in a Class by itself, except to the extent that there are Other Secured Claims that are substantially similar to each other and may be included within a single Class.
- (b) *Treatment:* Except to the extent a Holder of an Allowed Other Secured Claim has been paid by the Debtors prior to the Effective Date or the Holder of a Other Secured Claim and the Debtors agree to less favorable treatment of such Claim, each Holder of an Allowed Other Secured Claim (including any Claim for postpetition interest accrued until the Effective Date at the non-default rate provided in the applicable contract or, if there is no contract, then at the Federal Judgment Rate, to the extent permissible under section 506(a) of the Bankruptcy Code) shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Secured Claim, in the discretion of the Debtors, one of the following alternative treatments:
- (i) payment of the Allowed Class 1 Other Secured Claim in full in Cash from the Other Secured Claims Reserve Account on the later of the Effective Date or as soon as practicable after a particular Claim becomes Allowed;
- (ii) delivery to the Holder of the Allowed Class 1 Other Secured Claim of the collateral securing such Allowed Class 1 Other Secured Claim; or
- (iii) such other treatment as may be agreed to by the applicable Debtor and the Holder.
- (c) *Voting:* Class 1 is Unimpaired. Holders of Class 1 Other Secured Claims are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, Holders of such Other Secured Claims are not entitled to vote to accept or reject the Plan.

2. Class 2: First Lien Claims

- (a) *Classification:* Class 2 consists of all First Lien Claims.
- (b) *Allowance of First Lien Claims:* Class 2 First Lien Claims are deemed Allowed in the aggregate principal amount of \$208,707,926, plus any

interest, fees, and expenses due and owing pursuant to the terms of the Loan Documents (as defined in the First Lien Credit Agreement) as of the Effective Date. The First Lien Agent and the Holders of First Lien Claims shall not be required to file proofs of Claim on account of any First Lien Claims.

- (c) *Treatment:* Each Holder of a First Lien Claim shall receive: (i) on the Effective Date or as soon as reasonably practicable thereafter, a distribution of its share, as determined in accordance with the First Lien Credit Agreement, of (x) the First Lien Cash (including, promptly upon the return or release of such amounts to the Debtors, any deposits held by third parties, any holdback amount pursuant to any Purchase Agreement, or any similar amounts) and (y) solely in the event that there is no Acceptable Package 2 Purchaser at the conclusion of the Sale Process, one hundred percent (100%) of the Newco Equity; and (ii) its share, as determined in accordance with the First Lien Credit Agreement, of (x) any Cash remaining in the Sale Reserve Account and all other assets remaining in the Plan Administration Trust reasonably promptly after completion of the Wind Down and (y) any Cash remaining in the Claims Reserve Account reasonably promptly after the closing of the Chapter 11 Cases. The treatment received by each holder of First Lien Claims shall be on account of its entire First Lien Claim, including any First Lien Deficiency Claim, and the holders of First Lien Claims shall be deemed to waive all turnover provisions under the Intercreditor Agreement solely with respect to distributions from the Unsecured Claims Reserve Amount and the Second Lien Claims Reserve Account.
- (d) *Voting:* Class 2 is Impaired. Holders of Class 2 First Lien Claims are entitled to vote to accept or reject the Plan.

3. Class 3: General Unsecured Claims

- (a) *Classification:* Class 3 consists of all General Unsecured Claims.
- (b) *Treatment:* Each Holder of a Class 3 Unsecured Claim shall receive payment in Cash in accordance with the Plan Administration Process equal to (i) if holders of General Unsecured Claims voting as a Class approve the Plan, the lesser of (A) the amount of such Claim and (B) a Pro Rata distribution of Cash from the Unsecured Claims Reserve Amount or (ii) otherwise, \$0.
- (c) *Voting:* Class 3 is Impaired. Holders of Class 3 Unsecured Claims are entitled to vote to accept or reject the Plan.

4. Class 4: Second Lien Claims

- (a) *Classification:* Class 4 consists of all Second Lien Claims.
- (b) *Allowance of Second Lien Claims:* Second Lien Claims are deemed Allowed in the aggregate principal amount of \$141,176,036, plus any interest, fees, and expenses due and owing pursuant to the terms of the

Loan Documents (as defined in the Second Lien Credit Agreement) as of the Effective Date. The Second Lien Agent and the Holders of Second Lien Claims shall not be required to file proofs of Claim on account of any Second Lien Claims.

- (c) *Treatment:* Subject to the Second Lien Credit Agreement, each Holder of a Class 4 Second Lien Claim shall receive the amount from the Second Lien Claims Reserve Amount that it is entitled to in accordance with the Second Lien Credit Agreement and the Plan Administration Process.
- (d) *Voting:* Class 4 is Impaired. Holders of Class 4 Second Lien Claims are entitled to vote to accept or reject the Plan.

5. Class 5: Intercompany Claims

- (a) *Classification:* Class 5 consists of all Intercompany Claims.
- (b) *Treatment:* Class 5 Intercompany Claims shall be cancelled and discharged, with the Holders of such Class 5 Intercompany Claims receiving no distribution on account of such Intercompany Claims.
- (c) *Voting:* Class 5 is Impaired. Holders of Class 5 Intercompany Claims are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, Holders of Intercompany Claims are not entitled to vote to accept or reject the Plan.

6. Class 6: Intercompany Interests

- (a) *Classification.* Class 6 consists of all Intercompany Interests.
- (b) *Treatment:* Class 6 Intercompany Interests shall be cancelled and discharged, with the Holders of such Class 6 Intercompany Interests receiving no distribution on account of such Intercompany Interests.
- (c) *Voting:* Class 6 is Impaired. Holders of Class 6 Intercompany Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, Holders of Intercompany Interests are not entitled to vote to accept or reject the Plan.

7. Class 7: Enduro Equity Interests

- (a) *Classification.* Class 7 consists of all Enduro Equity Interests.
- (b) *Treatment:* Class 7 Enduro Equity Interests shall be cancelled and discharged, with the Holders of such Class 7 Enduro Equity Interests receiving no distribution on account of such Enduro Equity Interests.
- (c) *Voting:* Class 7 is Impaired. Holders of Class 7 Enduro Equity Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, Holders of Enduro Equity Interests are not entitled to vote to accept or reject the Plan.

D. Means for Implementation of the Plan

1. Transactions Effective as of the Effective Date

The transactions contemplated by the Plan shall be approved and effective as of the Effective Date, without the need for any further state or local regulatory approvals or approvals by any non-Debtor parties, and without any requirement for further action by the Debtors, their board of directors, their stockholders, or any other person or entity.

On or before the Effective Date, the Debtors will have consummated the Sales pursuant to the terms and conditions of the Purchase Agreements, including, without limitation, selling the Assets free and clear of certain liens and encumbrances to the extent set forth in the Purchase Agreements, and assuming and assigning to the Purchasers certain contracts and unexpired leases.

2. Closing of Sales and Use of Cash

On or before the Effective Date, the Debtors and the Purchasers will have consummated the Sales, with the Debtors receiving the Net Cash Proceeds of the Sales and distributing or retaining the Net Cash Proceeds of the Sales in accordance with the Sale Order. On the Effective Date, the Debtors will fund from the Net Cash Proceeds the Sale Reserve Account with the Sale Reserve Cash Amount and the Wind Down Budget Cash Amount and fund the Claims Reserve Account with the Claims Reserve Cash Amount. The balance of Net Cash Proceeds from any Sale will be held by the Debtors and distributed in accordance with the Plan on the Effective Date.

For the avoidance of doubt, in the event that there is no Acceptable Package 2 Purchaser at the conclusion of the Sale Process, the Newco Assets will be transferred on or before the Effective Date to Newco pursuant to the Newco Purchase Agreement and the Plan.

3. Deemed Execution of Shareholders Agreement

On the Effective Date, in the event that there is no Acceptable Package 2 Purchaser at the conclusion of the Sale Process, each Holder of a First Lien Claim that receives Newco Equity shall be deemed to have executed, without any further action by any party, the Shareholders Agreement.

4. The Plan Administration Trust

On the Effective Date, the Plan Administrator will sign the Plan Administration Trust Agreement and cause the Plan Administration Trust to accept, on behalf of the beneficiaries thereof, (a) the Claims Reserve Account and the Cash therein, (b) the Sale Reserve Account and the Cash therein, (c) the Retained Causes of Action, and (d) all other assets of the Estates not subject to a Sale, *provided, however,*

that the Plan Administration Trust, with the consent of the Plan Administrator, may abandon or otherwise not accept any assets that the Plan Administration Trust believes, in good faith, have no value to the Plan Administration Trust. Any assets the Plan Administration Trust so abandons or otherwise does not accept will not vest in the Plan Administration Trust. As of the Effective Date, all assets vested in the Plan Administration Trust and all assets dealt with in the Plan will be free and clear of all Liens, Claims, and Interests except as otherwise specifically provided in the Plan or in the Confirmation Order.

The Plan Administration Trust will be deemed created and effective without any further action by the Bankruptcy Court or any party. The Plan Administration Trust shall be established for the primary purpose of liquidating its assets (as applicable) and for making Distributions in accordance with the Plan and the Plan Administration Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Plan Administration Trust.

5. Certain Powers and Duties of the Plan Administration Trust and Plan Administrator

The Plan Administrator shall be the exclusive trustee of the assets of the Plan Administration Trust for purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3). The powers, rights, and responsibilities of the Plan Administrator shall be specified in the Plan Administration Trust Agreement and shall include the authority and responsibility to: (a) receive, manage, invest, supervise, and protect trust assets; (b) pay taxes or other obligations incurred by the Plan Administration Trust; (c) retain and compensate, without further order of the Bankruptcy Court, the services of employees, professionals, and consultants to advise and assist in the administration, prosecution, and distribution of trust assets; (d) calculate and implement distributions of trust assets; (e) prosecute, compromise, and settle, in accordance with the specific terms of the Plan Administration Trust Agreement, Retained Causes of Action; (f) resolve issues involving Claims and Interests, other than First Lien Claims, pursuant to Article IX of the Plan; and (g) undertake all administrative functions of the Chapter 11 Cases, including the ultimate closing of the Chapter 11 Cases. The Plan Administration Trust is the successor to the Debtors, the Estates, and the Debtors' rights to books and records.

On the Effective Date, the Plan Administration Trust shall also have the power, right, and responsibility to conduct the Wind Down and to take possession of all books, records, and files of the Debtors and the Estates and provide for the retention and storage of such books, records, and files until such time as the Plan Administration Trust determines, in accordance with the Plan Administration Trust Agreement, that retention of same is no longer necessary or required.

All expenses incurred by the Plan Administration Trust and the Plan Administrator shall be the responsibility of and paid by the Plan Administration Trust, in accordance with the Plan Administration Trust Agreement.

In no event later than three (3) months after following the Effective Date and on a quarterly basis thereafter until all Cash in the Claims Reserve Account has been released or paid out in accordance with the Plan, the Plan Administrator shall file with the Bankruptcy Court a report setting forth the amounts, recipients, and dates of all Distributions made by the Plan Administrator under the Plan through each applicable reporting period.

6. Federal Income Tax Treatment of the Plan Administration Trust for the Plan Administration Trust Assets; Tax Reporting and Tax Payment Obligations

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7. Authority to Pursue, Settle, or Abandon Retained Causes of Action

From and after the Effective Date, prosecution and settlement of all Retained Causes of Action shall be the sole responsibility of the Plan Administration Trust pursuant to the Plan and the Confirmation Order. From and after the Effective Date, the Plan Administration Trust shall have exclusive rights, powers, and interests of the Estates to pursue, settle, or abandon such Retained Causes of Action as the sole representative of the estates pursuant to section 1123(b)(3) of the Bankruptcy Code.

All Retained Causes of Action are reserved and preserved and shall not be impacted or affected in any way by deemed consolidation of the estates.

8. Cancellation of Documents

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, debentures, certificates and other documents evidencing Claims and Interests in a Debtor or the Debtors including, without limitation, the First Lien Credit Facility and the Second Lien Credit Facility, shall, with respect to the Debtors, be canceled and deemed rejected and terminated without any need for further action or approval of the Bankruptcy Court or any holder thereof or any other person or entity, provided, however, that any such documents will remain in force to the extent applicable with respect to distributions of any property under the Plan and the First Lien Credit Facility shall continue in effect as necessary to (i) enforce the rights, Claims and interests of the Term Loan Agent and any predecessor thereof vis-a-vis the Secured Parties (as defined in the First Lien Credit Agreement) and any parties other than the Debtors and (ii), preserve any rights of the First Lien Agent and any predecessor thereof as against any money or property distributable to holders of First Lien Claims, including any priority in respect of payment and the right to exercise any charging lien.

Except for the foregoing, the First Lien Agent and its respective agents will be relieved of all further duties and responsibilities related to the Loan Documents (as defined in the First Lien Credit Agreement) and the Plan, except with respect to such other rights of the First Lien Agent that, pursuant to the First Lien Credit Agreement, survive the termination of the Loan Documents. Subsequent to the performance by the First Lien Agent of its obligations pursuant to the Plan, the First Lien Agent and its agents will be relieved of all further duties and responsibilities related to the Loan Documents.

Notwithstanding anything to the contrary in the Plan, the indemnity obligations of the Debtors under the First Lien Credit Agreement that the First Lien Credit Agreement explicitly provides will survive the termination thereof will survive the Effective Date and will not be discharged or released pursuant to the Plan or the Confirmation Order and on and after the Effective Date, the Plan Administration Trust will be liable for such indemnity obligations.

9. Filing of Monthly and Quarterly Reports and Payment of Statutory Fees

The filing of the final monthly report (for the month in which the Effective Date occurs) and all subsequent quarterly reports shall be the responsibility of the Plan Administrator. All Statutory Fees with respect to the period prior to the Effective Date shall be paid by the Debtors in Cash on the Effective Date or other required payment date. With respect to the period after the Effective Date, the Plan

Administrator shall be obligated to pay quarterly Statutory Fees from the Claims Reserve Account to the Office of the United States Trustee and such obligation shall continue until such time as a particular Chapter 11 Case is closed, dismissed, or converted.

10. Directors and Officers of the Debtors

On and after the Effective Date, the board of managers or directors of each Debtor shall be terminated and all of the officers and directors of the Debtors, to the extent they have not already done so, shall be deemed to have resigned from their respective positions with the Debtors, as applicable.

Following the Confirmation Date and prior to the occurrence of the Effective Date, the then current officers and directors of each of the Debtors shall continue in their respective capacities and the Debtors shall execute such documents and take such other action as is necessary to effectuate the actions provided for in the Plan.

11. Corporate Authorization

On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the stockholders, directors, members, or managers of one or more of the Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to Section 303 of the DGCL or other applicable law of the states in which the Debtors are organized, without any requirement of further action by the stockholders, directors, members, or managers of the Debtors. After the Effective Date, to the extent necessary, (a) the Plan Administrator shall have all authority to address any and all matters that would have required the approval of, and to act on behalf of, the stockholders, directors, members, or managers of one or more of the Debtors.

12. Director and Officer Liability Insurance

Before the Petition Date, the Debtors obtained D&O Tail Coverage for the current and former directors, officers, and managers. After the Effective Date, all members, managers, directors, and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy, subject to and in accordance with the terms and conditions of such D&O Tail Coverage.

13. Effectuating Documents and Further Transactions

Prior to the Effective Date, the Debtors shall be authorized to execute, deliver, file, or record such documents, contracts, instruments, and other agreements and take such other actions as may be reasonably necessary to effectuate and further evidence the terms and conditions of the Plan. After the Effective Date, the Plan Administration Trust shall be authorized to execute, deliver, file, or record such documents, contracts, instruments, and other agreements and take such other actions as may be reasonably necessary to effectuate and further evidence the terms and conditions of the Plan.

14. Key Employee Incentive Plans

On the Effective Date, to the extent not paid as such amounts become earned and payable at an earlier time in accordance with the terms thereof, the Debtors will make all applicable payments under the Key Employee Incentive Plans, in accordance with the Bankruptcy Court's order authorizing the same. Any earned and unpaid award under the Key Employee Incentive Plans will be deemed due and payable on the Effective Date, and all such amounts will constitute Allowed Administrative claims without the need for

any participant in the Key Employee Incentive Plans to File or serve any request for payment of such amounts under the Plan or otherwise.

15. Employee and Retiree Benefits

All employment, severance, retirement, indemnification, and other similar employee-related agreements or arrangements in place as of the Effective Date with the Debtors' employees, including retirement income plans and welfare benefit plans, or discretionary bonus plans or variable incentive plans regarding payment of a percentage of annual salary based on performance goals and financial targets for certain employees, shall remain in full force and effect until the conclusion of the Wind Down and the resignation or termination of all employees of the Debtors. The Debtors maintain no programs providing for retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code).

16. Exemption from Certain Taxes and Fees

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan, including the transfer of some or all of the Newco Assets to Newco, if applicable, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate or personal property transfer tax, sale or use tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate 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 pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

E. Treatment of Executory Contracts and Unexpired Leases

1. Treatment of Executory Contracts and Unexpired Leases

As of the Effective Date, the Debtors shall be deemed to have rejected all Executory Contracts and Unexpired Leases that (1) have not been previously rejected, assumed, or assumed and assigned, including in connection with any Sale, and (2) have not expired under their own terms prior to the Effective Date.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the foregoing rejections pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

2. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

3. Rejection Damages Claim

All Claims arising from the rejection of Executory Contracts or Unexpired Leases must be Filed with the clerk of the Bankruptcy Court and served upon the Plan Administrator and counsel for the Debtors within

thirty (30) days of the occurrence of the Effective Date. Any Claim arising from the rejection of Executory Contracts or Unexpired Leases that becomes an Allowed Claim is classified and shall be treated as a Class 3 General Unsecured Claim. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed within the time required by this section will be forever barred from assertion against the Debtors, the Estates, the property of the Debtors, or the Plan Administration Trust.**

4. Reservation of Rights

Nothing contained in this Plan shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any 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 rejection, the Debtors shall have sixty (60) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

5. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

F. Provisions Governing Distributions

1. Timing and Calculation of Amounts to Be Distributed; Entitlement to Distributions

(a) Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided therein, Holders of Claims shall not be entitled to postpetition interest, dividends, or accruals on the distributions provided for therein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

(b) Entitlement to Distributions

On and after the Effective Date, the Disbursing Agent will be authorized (but not directed) to recognize and deal only with those Holders of Claims listed on the Debtors' books and records as of the Distribution Record Date. Accordingly, the Disbursing Agent will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute securities, property, notices, and other documents only to those Holders of Allowed Claims who are Holders of such Claims (or participants therein) as of the close of business on the Distribution Record Date. The First Lien Agent may, in its sole discretion, limit the further assignment of First Lien Claims to allow for the accurate recording of the holders of First Lien Claims as of the Distribution Record Date with respect to the First Lien Claims.

2. Disbursing Agent

Except as otherwise provided herein, all distributions under the Plan shall be made by the Debtors as Disbursing Agent or such other Entity designated by the Debtors as a Disbursing Agent on the Effective Date. A Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. For purposes of the distribution on account of the First Lien Claims, the First Lien Agent shall (a) be deemed to be the Holder of all First Lien Claims and (b) make distributions to the Holders of First Lien Claims pursuant to Section 8.03 of the First Lien Credit Agreement. For purposes of distribution on account of the Second Lien Claims, the Second Lien Agent (a) shall be deemed to be the Holder of all Second Lien Claims and (b) is hereby directed to make distributions to the Holders of Second Lien Claims pursuant to Section 8.03(b) of the Second Lien Credit Agreement. In accordance with the foregoing, the delivery of any applicable property to be distributed to Holders of First Lien Claims or Second Lien Claims to the First Lien Agent or the Second Lien Agent, respectively, shall satisfy all applicable distribution obligations under the Plan. All reasonable and documented fees and expenses of the First Lien Agent (including the reasonable and documented fees and expenses of its counsel and agents) incurred in connection with such distributions shall be paid by the Plan Administration Trust.

For the avoidance of doubt, the Plan Administrator shall be the Disbursing Agent as to and shall cause all distributions to be made to Holders of Claims other than First Lien Claims. The Debtors' obligation to make any distribution to Holders of Claims other than First Lien Claims shall be satisfied upon the vesting of assets in the Plan Administration Trust as contemplated under the Plan.

3. Distributions on Account of Claims Allowed After the Effective Date

(a) Payments and Distributions on Disputed Claims

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

(b) Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the Plan Administrator, (a) no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all disputes in connection with such Disputed Claim have been resolved by settlement or Final Order and such Disputed Claim becomes an Allowed Claim; and (b) any Entity that holds both an Allowed Claim and a Disputed Claim shall not receive any distribution on the Allowed Claim unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order.

4. Delivery of Distributions and Undeliverable or Unclaimed Distributions

(a) Delivery of Distributions in General

Except as otherwise provided in the Plan, the Disbursing Agent shall make distributions to Holders of Allowed Claims at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution.

(b) Undeliverable Distributions and Unclaimed Property

(i) Failure to Claim Undeliverable Distributions

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided, however*, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months from the Effective Date. After such date, all unclaimed property or interests in property shall revert to the Plan Trust Administrator (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or interest in property shall be discharged and forever barred.

(ii) Failure to Present Checks

Checks issued by the Disbursing Agent on account of Allowed Claims shall be null and void if not negotiated within one hundred and eighty (180) days after the issuance of such check. Requests for reissuance of any check shall be made directly to the Disbursing Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within one hundred and eighty (180) days after the issuance of such check shall have its Claim for such un-negotiated check discharged and shall be discharged and forever barred, estopped, and enjoined from asserting any such Claim against the Plan Administration Trust. In such cases, any Cash held for payment on account of such Claims shall be property of the Plan Administration Trust, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Disbursing Agent to attempt to locate any Holder of an Allowed Claim.

5. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, 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 distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Disbursing Agent reserves the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, Liens, and encumbrances.

6. Surrender of Cancelled Instruments or Securities

As a condition precedent to receiving any distribution on account of its Allowed Claim, each Holder of a Claim shall be deemed to have surrendered the Certificates or other documentation underlying each such Claim, and all such surrendered Certificates and other documentations shall be deemed to be canceled pursuant to Article V.I of the Plan, except to the extent otherwise provided therein.

7. Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

The Debtors or the Plan Administrator, as applicable, shall reduce a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment on account of such Claim from a party that is not a Debtor or a Reorganized Debtor. To the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Holder shall, within fourteen (14) days of receipt thereof, repay or return the distribution to the applicable Reorganized Debtor or the Plan Administrator, to the extent the Holder's total recovery on account of such Claim from the third party and under this Plan exceeds the amount of such Claim as of the Distribution Date.

(b) Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court.

(c) Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained therein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

G. Procedures for Resolving Contingent, Unliquidated and Disputed Claims and Disputed Equity Interests

1. Allowance and Disallowance of Claims

Except as expressly provided herein or any order entered in the Chapter 11 Cases on or prior to the Effective Date (including the Confirmation Order), no Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Bankruptcy Code, under the Plan, or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim under section 502 of the Bankruptcy Code. Except as expressly provided in any order entered in the Chapter 11 Cases on or prior to the Effective Date (including the Confirmation Order), the Plan Administration Trust after Consummation will have and retain any and all rights and defenses the Debtors had with respect to any Claim as of the Petition Date.

Except as provided herein or otherwise agreed, any and all proofs of Claim Filed after the Claims Bar Date shall be deemed Disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Filed Claim has been deemed timely Filed by a Final Order.

2. Prosecution of Objections to Claims

The Plan Administrator shall have the exclusive authority to File, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan. From and after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Plan Administrator may also resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

3. Estimation of Claims

The Plan Administrator may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Plan Administrator has previously objected to such Claim or whether the Bankruptcy Court has ruled on any objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism.

4. Amendments to Claims

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim may not be Filed or amended without the prior authorization of the Court and the Plan Administrator, and any such new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further action, order, or approval of the Court.

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 provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Plan Administrator 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 postpetition interest to be paid on account of such Claim.

H. Conditions Precedent to Confirmation of the Plan and the Effective Date

1. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that:

- (a) All provisions, terms and conditions of the Plan are approved in the Confirmation Order.
- (b) Each Sale pursuant to each of the Purchase Agreements (including, for the avoidance of doubt, the Sale of Package 2 Assets, whether pursuant to the Newco Purchase Agreement or another applicable Package 2 Asset

Purchase Agreement) shall have been approved by the Bankruptcy Court prior to or contemporaneously with Confirmation.

- (c) A Confirmation Order shall have been entered by the Bankruptcy Court, in form and substance acceptable to the Debtors, the First Lien Agent, and the Required Supporting Lenders.
- (d) General Unsecured Claims that have been Allowed or filed on or prior to the Claims Bar Date and that (i) are not subject to any outstanding objection or (ii) have not been disallowed by a Final Order do not exceed \$10,000,000 in the aggregate.
- (e) The Confirmation Order shall provide that, among other things, the Debtors and the Plan Administrator, as applicable, are authorized and directed to take all actions necessary or appropriate to consummate this Plan, including, without limitation, entering into, implementing, and consummating the other contracts, instruments, and other agreements or documents created in connection with or described in this Plan.
- (f) Unless otherwise agreed to in writing by the Required Supporting Lenders, as applicable, to the extent of their consent rights as provided in the Support Agreement or this Plan, the Debtors shall not have submitted any amendment, modification, or filing seeking to amend or modify this Plan, the Disclosure Statement, or any documents, motions, or orders related to the foregoing.

2. Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date that the following provisions, terms and conditions are satisfied (or waived pursuant to the provisions of Article IX.C of the Plan), and the Effective Date shall occur on the date upon which the last of such conditions are so satisfied and/or waived.

- (a) The Plan and all documents contemplated thereby, including any amendments, modifications, or supplements thereto, shall be acceptable to the Debtors, the First Lien Agent, and the Required Supporting Lenders, as applicable, to the extent of their consent rights as provided in the Plan, and pursuant to the terms of, and in accordance with, the Support Agreement.
- (b) The Debtors shall have funded with Cash the Sale Claims Reserve Account with all amounts contemplated under the Plan and shall have paid all Fee Claims as contemplated under the Plan.
- (c) The Debtors shall have funded with Cash the Claims Reserve Account with all amounts contemplated under the Plan.
- (d) The First Lien Cash shall have been delivered to the First Lien Agent, for distribution to and for the benefit of Holders of First Lien Claims.
- (e) Payment in full in Cash of any and all accrued but unpaid reasonable First Lien Agent Advisor Fees for which the Debtors have received invoices or estimates prior to the Effective Date shall have been made.
- (f) The Confirmation Order shall be a Final Order in form and substance acceptable to the Debtors, the First Lien Agent, the Required Supporting Lenders, and the Plan Administrator, each in their respective sole discretion. The Confirmation Order shall provide that, among other things, the Debtors and the Plan Administrator, as applicable, are authorized and directed to take all actions necessary or appropriate to consummate this Plan, including, without limitation, entering into, implementing and consummating the contracts, instruments, and other agreements or documents created in connection with or described in this Plan.
- (g) The Plan Administration Trust Agreement shall have been executed and delivered by all of the Entities that are parties thereto and all conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof.
- (h) All actions, documents, certificates, and agreements necessary to implement this Plan 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.
- (i) Each Sale shall have closed pursuant to the applicable Purchase Agreement, including, for the avoidance of doubt, the Sale of Package 2 Assets, whether pursuant to the Newco Purchase Agreement or any applicable Package 2 Asset Purchase Agreement.

3. Waiver of Conditions

Each of the conditions to Confirmation and to Consummation set forth in this Article IX may be waived with the consent of the Debtors and the Required Supporting Lenders without notice, leave, or order of

the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan; provided, however, the consent of the Required Supporting Lenders to such waiver shall only be required as and to the extent set forth in the Support Agreement; provided, further, that the consent of holders of a majority of Second Lien Claims shall be required to waive the condition set forth in Article IX.B.3 of the Plan; *provided, further*, that the consent of holders of a majority of Second Lien Claims shall be required to waive the conditions set forth in Article IX.B.3 of the Plan.

4. Effect of Nonoccurrence of Conditions

If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against or Interests in the Debtors; (2) prejudice in any manner the rights of the Debtors, any Holders, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders or any other Entity in any respect.

I. Settlement, Release, Injunction and Related Provisions

1. Compromise and Settlement of Claims, Interests and Controversies

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, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest, or any distribution to be made on account of such Allowed Claim or Allowed Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Plan Administrator may compromise and settle Claims against them and Causes of Action against other Entities.

2. Releases by the Debtors

To the extent permitted by applicable law and approved by the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Effective Date, the Released Parties shall be deemed released and discharged by the Debtors and the Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; *provided, however*, that the foregoing “*Debtor Releases*” shall not operate to waive or release any Causes of Action of any Debtor: (1) against a Released Party arising from any contractual obligations owed to the Debtors that are pursuant to an Executory Contract that is not otherwise rejected by the Debtors pursuant to section 365 of the Bankruptcy Code before, after, or as of the Effective Date; (2) expressly set forth in and preserved by the Plan or related documents; or (3) arising from claims for fraud, gross negligence, willful misconduct, or criminal conduct. Notwithstanding anything to the contrary in the foregoing, the “Debtor

Releases” set forth above do not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed in connection with the Plan with respect to the Debtors or the Estates.

3. Releases by Holders of Claims and Interests

To the extent permitted by applicable law and approved by the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, as of the Effective Date, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors and the other Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date; *provided, however,* that the foregoing release shall not operate to waive or release any Causes of Action of any Releasing Party: (1) against a Released Party arising from any contractual obligations owed to the Releasing Party that are wholly unrelated to the Debtors; (2) expressly set forth in and preserved by the Plan or related documents; or (3) arising from claims for fraud, gross negligence, willful misconduct, or criminal conduct. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed in connection with the Plan.

4. Exculpation

To the fullest extent permitted by applicable law, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Exculpated Claim, obligation, Cause of Action or liability for any Exculpated Claim, except for those that are determined in a final order to have constituted actual fraud, gross negligence, willful misconduct, or criminal conduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan.

5. Injunction

Except as otherwise expressly provided in the Plan or related documents, or for obligations issued pursuant to the Plan, from and after the Effective Date, all Releasing Parties are permanently enjoined from taking any of the following actions against the Debtors or any Released Parties: (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 or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Holder has Filed a motion requesting the right to perform such setoff on or before the Confirmation Date; and (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 or

Interests released or settled pursuant to the Plan. Nothing in the Plan or the Confirmation Order shall preclude any Entity from pursuing an action against one or more of the Debtors in a nominal capacity to recover insurance proceeds so long as the Debtors, as applicable, and any such Entity agree in writing that such Entity will: (a) waive all Claims against the Debtors and the Estates related to such action and (b) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the Chapter 11 Cases are closed.

6. Setoffs

Except as otherwise expressly provided for in the Plan, each Debtor and the Plan Administrator (as applicable), pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law or as may be agreed to by the Holder of a Claim or an Interest, may set off against any Allowed Claim or Allowed Interest and the distributions to be made pursuant to the Plan on account of such Allowed Claim or Allowed Interest (before any distribution is made on account of such Allowed Claim or Allowed Interest), any claims, rights and Causes of Action of any nature that such Debtor may hold against the Holder of such Allowed Claim or Allowed Interest, to the extent such claims, rights or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); *provided, however*, that neither the failure to effect such a setoff nor the allowance of any Claim or Interest pursuant to the Plan shall constitute a waiver or release by such Debtor of any such claims, rights and Causes of Action that such Debtor may possess against such Holder. In no event shall any Holder of Claims or Interests be entitled to setoff any Claim or Interest against any claim, right or Cause of Action of the Debtor unless such Holder has Filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date.

7. Release of Liens

Except as otherwise 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 and, in the case of an Other Secured Claim, satisfaction in full of the portion of the Other Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates 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 or other security interests shall revert to the applicable Debtor and its successors and assigns.

8. Recoupment

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any claim, right, or Cause of Action of the Debtors, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before the Confirmation Date.

J. Binding Nature of Plan

THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW,

NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (I) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (II) HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER 11 CASES, OR (III) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

K. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or 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 or Interests;
- (b) decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- (c) resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor 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; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; and (c) any dispute regarding whether a contract or lease is or was executory or expired;
- (d) ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;
- (e) adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;
- (f) adjudicate, decide, or resolve any and all matters related to Causes of Action;
- (g) adjudicate, decide, or resolve any and all matters related to sections 1141 and 1145 of the Bankruptcy Code;
- (h) enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

- (i) resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
- (j) 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;
- (k) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions and other provisions contained in Article X and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (l) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or an Interest for amounts not timely repaid pursuant to Article VII;
- (m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;
- (o) enter an order or final decree concluding or closing the Chapter 11 Cases;
- (p) adjudicate any and all disputes arising from or relating to distributions under the Plan;
- (q) consider any modifications of the Plan to cure any defect or omission or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (r) determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;
- (s) hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
- (t) hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (u) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;
- (v) enforce all orders previously entered by the Bankruptcy Court; and

(w) adjudicate all other matters over with the Bankruptcy Court has jurisdiction.

provided, however, that the Bankruptcy Court shall not retain jurisdiction over disputes concerning documents contained in the Plan Supplement that have a jurisdictional, forum selection or dispute resolution clause that refers disputes to a different court and any disputes concerning documents contained in the Plan Supplement that contain such clauses shall be governed in accordance with the provisions of such documents.

L. Modification, Revocation or Withdrawal of the Plan

1. Modifications and Amendments

Subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order; and (b) after the entry of the Confirmation Order, the Debtors, may, upon order of the Bankruptcy Court, and subject to the consent of the First Lien Agent and the Required Supporting Lenders, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

2. Effect of Confirmation on Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of the Plan

Subject to the Support Agreement, the Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date and to File subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan subject to the terms thereof and the Support Agreement, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in the Plan shall: (x) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtor or any other Entity; (y) prejudice in any manner the rights of the Debtors or any other Entity; or (z) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other Entity.

4. Substantial Consummation of the Plan

Substantial consummation of the Plan under section 1101(2) of the Bankruptcy Code shall be deemed to occur on the Effective Date.

M. Miscellaneous Provisions

1. Successors and Assigns

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, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of each Entity.

2. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan or the Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests before the Effective Date.

3. Consent Rights

Notwithstanding anything in the Plan to the contrary, any and all consent rights of the First Lien Agent or the Required Supporting Lenders set forth in the Support Agreement (irrespective of whether the Support Agreement has been assumed by the Debtors) with respect to the form and substance of the Plan, the Plan Supplement, and any other documents contemplated under the Plan shall apply to the Plan as if stated in full therein until such time as the Support Agreement is terminated in accordance with its terms.

4. Further Assurances

For the avoidance of doubt, the Debtors and the Consenting First Lien Lenders shall not violate, and shall otherwise comply, with the Support Agreement in all respects, including with respect to the implementation of the Plan and the Effective Date. The Debtors all Holders of Claims receiving distributions hereunder, and all other Entities shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

5. Payment of Fees and Expenses

Prior to or as of the Effective Date, the Debtors shall promptly pay in Cash in full Cash any and all accrued but unpaid reasonable First Lien Agent Advisor Fees for which the Debtors have received invoices or estimates prior to the Effective Date.

After the Effective Date, the Plan Administration Trust will promptly pay in Cash in full Cash any and all accrued but unpaid reasonable First Lien Agent Advisor Fees.

6. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors shall be sent by overnight mail to:

Enduro Resource Holdings LLC
777 Main Street
Suite 800
Fort Worth, Texas 76102
Attn: Kimberly A. Weimer
Phone: (817) 744-8200
Email: kweimer@endurores.com

with copies to:

Latham & Watkins LLP
330 North Wabash Avenue, Suite 2800

Chicago, Illinois 60611
Attn: Caroline A. Reckler
Matthew L. Warren
Jason B. Gott
Phone: (312) 876-7700
Fax: (312) 993-9767
Email: caroline.reckler@lw.com
matthew.warren@lw.com
jason.gott@lw.com

7. Dissolution of Committee

On the Effective Date, the Committee(s), if any, shall dissolve automatically, whereupon its members, Professionals and agents shall be released from any further duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code, except for purposes of filing applications for Professional compensation in accordance with Article II.A.2 of the Plan.

8. Nonseverability of Plan Provisions

If, before Confirmation of the Plan, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court 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; *provided* that any such alteration or interpretation must be in form and substance acceptable to the Debtors, the First Lien Agent, and the Required Supporting Lenders; *provided, further*, that the Debtors may seek an expedited hearing before the Bankruptcy Court to address any objection to any such alteration or interpretation of the foregoing. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the 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 the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

9. Return of Security Deposits

Unless the Debtors have agreed otherwise in a written agreement or stipulation approved by the Bankruptcy Court, all security deposits provided by the Debtors to any Person or Entity at any time after the Petition Date will be returned to the Debtors within twenty (20) days after the Effective Date, without deduction or offset of any kind. Upon receipt, the Debtors shall transfer such funds to the First Lien Agent for distribution to the First Lien Lenders in accordance with the Plan.

10. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

11. Entire Agreement

Except as otherwise indicated in the Plan, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings and representations on such subjects, all of which have become merged and integrated into the Plan.

12. Exhibits

All exhibits hereto are incorporated into and are a part of the Plan as if set forth in full therein. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

13. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale and purchase of securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale or purchase of the securities offered and sold under the Plan.

14. Closing of Chapter 11 Cases

The Plan Administrator will, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

15. Conflicts

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement or any order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control. In the event of a conflict between any provision of the Plan and the Confirmation Order, the Confirmation Order shall govern and control.

16. Filing of Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

17. Tax Reporting and Compliance

The Debtors shall be authorized to request an expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed for, or on behalf of, the Debtors for any and all taxable periods ending after the Petition Date through, and including, the Effective Date.

VI.
CERTAIN TAX CONSEQUENCES OF THE PLAN

[To come.]

VII.
CERTAIN RISK FACTORS TO BE CONSIDERED

Prior to voting to accept or reject the Plan, holders of Claims should read and carefully consider the risk factors set forth below, in addition to the information set forth in this Disclosure Statement together with any attachments, exhibits, or documents incorporated by reference hereto. The factors below should not be regarded as the only risks associated with the Plan or its implementation.

A. Certain Bankruptcy Law Considerations

1. General

While the Debtors believe that the Chapter 11 Cases will be efficient and will not be materially harmful to the value of their assets, the Debtors cannot be certain that this will be the case. Further, it is impossible to predict with certainty the amount of time that one or more of the Debtors may spend in bankruptcy or to assure parties in interest that the Plan will be confirmed. Even if confirmed on a timely basis, bankruptcy proceedings to confirm the Plan could have an adverse effect on subsequent ownership of the Debtors' assets or on the amount of distributable value available to holders of Claims or Interests.

2. Risk of Non-Confirmation of the Plan

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate re-solicitation of votes. Moreover, the Debtors can make no assurances that they will receive the requisite acceptances to confirm the Plan, and even if all Voting Classes voted in favor of the Plan or the requirements for "cramdown" are met with respect to any Class that rejected the Plan, the Bankruptcy Court, which may exercise substantial discretion as a court of equity, may choose not to confirm the Plan. If the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan or other proceeding.

3. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur within 30 calendar days after the Confirmation Date, there can be no assurance as to the timing of the Effective Date. If the conditions precedent to the Effective Date set forth in the Plan have not occurred or have not been waived as set forth in Article IX.C of the Plan, then the Confirmation Order may be vacated, in which event no distributions would be made under the Plan, the Debtors and all holders of Claims or Interests would be restored to the status quo as of the day immediately preceding the Confirmation Date, and the Debtors' obligations with respect to Claims and Interests would remain unchanged.

4. Conversion to Chapter 7 Cases

If no chapter 11 plan can be confirmed, or if the Bankruptcy Court otherwise finds that it would be in the best interests of holders of Claims and Interests, 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 the Bankruptcy Code. See Section X.C hereof, as well as the Liquidation Analysis attached hereto as **Exhibit D**, for a discussion of the effects that a chapter 7 liquidation would have on the recoveries of holders of Claims and Interests.

5. Risk of Re-solicitation of the Plan

There can be no assurance that the Bankruptcy Court will not require modifications to the Plan that would necessitate re-solicitation of votes from the Holders of Class 2 First Lien Claims, Class 3 General Unsecured Claims, and Class 4 Second Lien Claims. Moreover, the Debtors can make no assurances that they will receive the requisite acceptances to confirm the Plan in the event votes are re-solicited. Re-solicitation could delay confirmation of the Plan, and if the Plan is not confirmed, it is unclear what distributions holders of Claims or Interests ultimately would receive with respect to their Claims or Interests in a subsequent plan or other proceeding.

B. Additional Factors Affecting Recoveries

1. Claims Could Be More than Projected

There can be no assurance that the estimated Allowed amount of Claims in certain Classes will not be significantly more than projected, which, in turn, could cause the value of distributions to be reduced substantially. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the ultimate results. Therefore, the actual amount of Allowed Claims may vary from the assumptions underlying the projected recoveries discussed in this Disclosure Statement, and the variation may be material.

2. Cure Amounts and Other Contract Payment Obligations Could Be More than Projected

There can be no assurance that the estimated cure amounts or other payment obligations of the Debtors arising or otherwise resulting from the assumption of executory contracts or unexpired leases will not be significantly more than projected, which, in turn, could cause the value of distributions to be reduced substantially. Such cure amounts or payment obligations could be significant and material and, if the Debtors are unsuccessful in challenging such amounts, confirmation or the effectiveness of the Plan may be jeopardized.

C. Risks Relating to Ownership of the Debtors' Assets

1. Risks Associated with the Debtors' Business and Industry

Oil and natural gas prices are volatile. Significant declines in commodity prices have adversely affected the Debtors' financial condition and results of operations, cash flows, access to the capital markets and ability to grow, and these conditions may continue to impact future owners of the Debtors' assets.

The Debtors' revenues, cash flows, profitability and future rate of growth substantially depend upon the market prices of oil and natural gas. Prices affected the Debtors' cash flows available for capital expenditures and the Debtors' ability to access funds under their credit facilities. The significant decline in oil and natural gas prices in the second half of 2014 continuing since then has materially adversely impacted the value of the Debtors' estimated proved reserves.

In addition, significant or extended price declines may also adversely affect the amount of oil and natural gas that the Debtors, or any subsequent purchaser, can produce economically. A reduction in production could result in a shortfall in the Debtors' expected cash flows and require the Debtors, or any subsequent purchaser, to reduce their capital spending or borrow funds to cover any such shortfall. Any of these

factors could negatively impact the Debtors', or a subsequent purchaser's, ability to replace their production and their future rate of growth.

The markets for oil and natural gas have been volatile historically and are likely to remain volatile in the future. The prices any owner of the Debtors' assets may receive for their oil and natural gas depend upon many factors beyond their control, including, among others:

- changes in the supply of and demand for oil and natural gas;
- market uncertainty;
- level of consumer product demands;
- hurricanes and other weather conditions;
- domestic and foreign governmental regulations and taxes;
- price and availability of alternative fuels;
- political and economic conditions in oil-producing countries, particularly those in the Middle East, Russia, South America, and Africa;
- actions by the Organization of Petroleum Exporting Countries;
- U.S. and foreign supply of oil and natural gas;
- price of oil and natural gas imports; and
- overall domestic and foreign economic conditions.

These factors make it very difficult to predict future commodity price movements with any certainty, affecting the value of the Debtors' assets. Further, oil prices and natural gas prices do not necessarily fluctuate in direct relation to each other.

The marketability of production depends mostly upon the availability, proximity and capacity of oil and natural gas gathering systems, pipelines, and processing facilities.

The marketability of production depends upon the availability, proximity, operation, and capacity of oil and natural gas gathering systems, pipelines, and processing facilities. The lack of availability or capacity of these gathering systems, pipelines, and processing facilities could result in the shut-in of producing wells or the delay or discontinuance of development plans for properties. The disruption of these gathering systems, pipelines and processing facilities due to maintenance and/or weather could negatively impact an asset owner's ability to market and deliver their products. Federal, state, and local regulation of oil and gas production and transportation, general economic conditions and changes in supply and demand could adversely affect the owner's ability to produce and market their oil and natural gas. If market factors changed dramatically, the financial impact on future owners of the Debtors' assets could be substantial. The availability of markets and the volatility of product prices are beyond the Debtors' or a subsequent owner's control and represent a significant risk.

A subsequent owner may not receive payment for a portion of their future production.

A subsequent owner may not receive payment for a portion of future production. The Debtors have attempted to diversify their sales and obtain credit protections from certain of their purchasers. The tightening of credit in the financial markets may make it more difficult for customers to obtain financing and, depending on the degree to which this occurs, there may be a material increase in the nonpayment and nonperformance by customers in the future. The Debtors are unable to predict what impact the financial difficulties of certain purchasers may have on future results of operations and liquidity.

The Debtors' actual production could differ materially from their forecasts.

From time to time, including in this Disclosure Statement, the Debtors provide forecasts of expected quantities of future oil and gas production. These forecasts are based on a number of estimates, including expectations of production from existing wells. In addition, the Debtors' forecasts may assume that none of the risks associated with their oil and gas operations occur, such as facility or equipment malfunctions, adverse weather effects, or significant declines in commodity prices or material increases in costs, which could make certain production uneconomical.

Ownership of the Debtors' assets is subject to numerous risks of oil and gas drilling and production activities.

Oil and gas drilling and production activities are subject to numerous risks, including the risk that no commercially productive oil or natural gas reserves will be found. The cost of drilling and completing wells is often uncertain. Oil and gas drilling and production activities may be shortened, delayed or canceled as a result of a variety of factors, many of which are beyond their control. These factors include:

- unexpected drilling conditions;
- pressure or irregularities in formations;
- equipment failures or accidents;
- hurricanes and other weather conditions;
- shortages in experienced labor; and
- shortages or delays in the delivery of equipment.

The prevailing prices of oil and natural gas also affect the cost of and the demand for drilling rigs, production equipment, and related services. It is never assured that drilled wells will be productive. Drilling for oil and natural gas may be unprofitable. Drilling activities can result in dry wells and wells that are productive but do not produce sufficient cash flows to recoup drilling costs.

The Debtors' industry experiences numerous operating risks.

The exploration, development, and production of oil and gas properties involves a variety of operating risks including the risk of fire, explosions, blowouts, pipe failure, abnormally pressured formations, and environmental hazards. Environmental hazards include oil spills, gas leaks, pipeline ruptures, or discharges of toxic gases.

If any of these industry operating risks occur, any purchaser of the Debtors' assets could have substantial losses. Substantial losses may be caused by injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties and suspension of operations.

The Debtors' oil and gas assets are subject to various U.S. federal, state and local governmental regulations that affect them materially.

The Debtors' oil and gas assets are subject to various U.S. federal, state and local laws and regulations. These laws and regulations may be changed in response to economic or political conditions. Regulated matters include: permits for exploration, development and production operations; limitations on the Debtors' drilling activities in environmentally sensitive areas, such as wetlands, and restrictions on the way the Debtors can release materials into the environment; bonds or other financial responsibility requirements to cover drilling contingencies and well plugging and abandonment and other decommissioning costs; reports concerning operations, the spacing of wells and unitization and pooling of properties; and taxation. Failure to comply with these laws and regulations can result in the assessment of administrative, civil or criminal penalties, the issuance of remedial obligations and the imposition of injunctions limiting or prohibiting certain operations. At various times, regulatory agencies have imposed price controls and limitations on oil and gas production. In order to conserve supplies of oil and natural gas, these agencies have restricted the rates of flow of oil and natural gas wells below actual production capacity. Federal, state and local laws regulate production, handling, storage, transportation and disposal of oil and natural gas, by-products from oil and natural gas and other substances, and materials produced or used in connection with oil and gas operations. The Debtors cannot predict the ultimate cost of compliance with these requirements or their impact on a future owner's earnings, operations, or competitive position.

The loss of key personnel could adversely affect the Debtors' ability to operate.

The Debtors' operations are dependent upon key management and technical personnel. The Debtors cannot assure that individuals will remain with the Debtors through the pendency of the chapter 11 proceedings. The unexpected loss of the services of one or more of these individuals could have an adverse effect on the Debtors and their successful completion of the Chapter 11 Cases.

The pursuit of the chapter 11 proceedings will continue to consume a substantial portion of the time and attention of the Debtors' management, and the Debtors may face increased levels of employee attrition, which may have an adverse effect on the Debtors' assets.

It is impossible to predict with certainty the amount of time that the Debtors may spend in bankruptcy or to assure parties in interest that the Plan will be confirmed. The chapter 11 proceedings will involve additional expense and the Debtors' management will be required to spend a significant amount of time and effort focusing on the proceedings. This diversion of attention may materially adversely affect the value of the Debtors' business, and, as a result, the condition, operation, and value of their assets.

During the pendency of the chapter 11 proceedings, the Debtors' employees will face considerable distraction and uncertainty, and the Debtors may experience increased levels of employee attrition. A loss of key personnel or material erosion of employee morale could have a material adverse effect on the Debtors' ability to effectively, efficiently, and safely operate their assets, which in turn could adversely affect the value of their assets.

The Debtors will be subject to the risks and uncertainties associated with chapter 11 proceedings.

As a consequence of the Debtors' filing for relief under chapter 11 of the Bankruptcy Code, the Debtors' operations and assets will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following:

- the Debtors' ability to prosecute, confirm, and consummate the Plan or another chapter 11 plan with respect to the chapter 11 proceedings;
- the high costs of bankruptcy proceedings and related fees;
- the ability of third parties to seek and obtain court approval to terminate contracts and other agreements with the Debtors;
- the ability of third parties to seek and obtain court approval to convert the chapter 11 proceedings to chapter 7 proceedings; and
- the actions and decisions of the Debtors' creditors and other third parties who have interests in the chapter 11 proceedings that may be inconsistent with the Debtors' plans.

Delays in the Debtors' chapter 11 proceedings increase the risks of their inability to consummate the chapter 11 proceedings and may increase the costs associated with the bankruptcy process.

These risks and uncertainties could affect the value of the Debtors' assets in various ways. Because of the risks and uncertainties associated with the Debtors' chapter 11 proceedings, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during their chapter 11 proceedings that may be inconsistent with their plans.

The Stalking Horse PSAs providing for the sale of the Debtors' assets are subject to significant conditions and milestones that may be beyond the Debtors' control and may be difficult for them to satisfy. If the Stalking Horse PSAs are terminated, the Debtors' ability to confirm and consummate the Plan could be materially and adversely affected.

Although the Debtors intend to pursue and consummate the sale of substantially all of their assets in accordance with the terms set forth in the Stalking Horse PSAs and any other applicable purchase agreements entered into in connection with their marketing and sale process, there can be no assurance that the Debtors will be successful in completing a sale or any other similar transaction on the terms set forth in the Stalking Horse PSAs, on different terms, or at all.

The Stalking Horse PSAs contain customary representations, warranties and covenants. The closing of the sales is subject to the open marketing process described herein and other customary closing conditions, including approval by the Bankruptcy Court. If these conditions are not met, the Stalking Horse PSAs may be terminated. If the Stalking Horse PSAs are terminated, the Debtors' ability to confirm and consummate the Plan could be materially and adversely affected.

D. Additional Factors

1. Debtors Could Withdraw Plan

The Plan may be revoked or withdrawn prior to the Confirmation Date by the Debtors.

2. 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 Bankruptcy Court.

3. No Representations Outside this Disclosure Statement Are Authorized

No representations concerning or related to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than those contained in, or included with, this Disclosure Statement should not be relied upon in making the decision to accept or reject the Plan.

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

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or Equity Interest should consult its own legal counsel and accountant as to legal, tax, and other matters concerning its Claim or Interest.

This Disclosure Statement is not legal advice to you. 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.

5. No Admission Made

Nothing contained herein or in the Plan will constitute an admission of, or will be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or Holders of Claims or Interests.

6. Certain Tax Consequences

For a discussion of certain tax considerations to the Debtors and certain holders of Claims in connection with the implementation of the Plan, see Section VI hereof.

VIII.
VOTING PROCEDURES AND REQUIREMENTS

A. Parties Entitled To Vote

Under the Bankruptcy Code, only holders of claims or interests in “impaired” classes are entitled to vote on a plan. Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be “impaired” under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code conclusively presumes the holder of such claim

or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan. Further, to avoid the cost of soliciting votes on a plan, impaired classes of claims and interests may be presumed to reject the plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines “acceptance” of a plan by a class of: (i) claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims that cast ballots for acceptance or rejection of the plan; and (ii) interests as acceptance by interest holders in that class that hold at least two-thirds (2/3) in dollar amount of the interests that cast ballots for acceptance or rejection of the plan.

The First Lien Claims in Class 2, General Unsecured Claims in Class 3, and Second Lien Claims in Class 4 are Impaired under the Plan and entitled to vote to accept or reject the Plan.

B. Voting Deadline

Before voting to accept or reject the Plan, each holder of an Allowed First Lien Claim, an Allowed General Unsecured Claims, or an Allowed Second Lien Claim (an “*Eligible Holder*”) should carefully review the Plan attached hereto as **Exhibit A**. All descriptions of the Plan set forth in this Disclosure Statement are subject to the terms and conditions of the Plan.

Ballots will be provided for holders of Voting Claims as of the Voting Record Date (*i.e.*, June 20, 2018) to vote to accept or reject the Plan. Only Classes 2, 3, and 4 are entitled to vote on the Plan.

Each Ballot contains detailed voting instructions and sets forth in detail, among other things, the deadlines, procedures, and instructions for voting to accept or reject the Plan, the Voting Record Date for voting purposes, and the applicable standards for tabulating Ballots. The Debtors have engaged Kurtzman Carson Consultants LLC as their voting agent (the “*Voting Agent*”) to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan.

FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW ON OR BEFORE THE VOTING DEADLINE OF 5:00 P.M., PREVAILING EASTERN TIME, ON JULY 23, 2018, UNLESS EXTENDED BY THE DEBTORS. IF YOU HOLD YOUR CLAIMS THROUGH A NOMINEE, PLEASE FOLLOW THE INSTRUCTIONS PROVIDED BY YOUR NOMINEE FOR RETURNING YOUR VOTING INSTRUCTIONS. UNLESS OTHERWISE INSTRUCTED, PLEASE RETURN YOUR BENEFICIAL HOLDER BALLOT TO YOUR NOMINEE, OR YOUR VOTE WILL NOT BE COUNTED.

Delivery of a Ballot by facsimile, e-mail or any other electronic means will not be accepted. If you vote by mail, your Ballot must be returned by the Voting Deadline with an original signed copy, by first class mail, overnight courier, or personal delivery, to:

Enduro Ballot Processing Center
c/o KCC
2335 Alaska Ave
El Segundo, CA 90245

Eligible Holders may also vote via KCC's online voting portal, as described more fully in the voting instructions supplied with the Ballots.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT NO LATER THAN JULY 23, 2018 AT 5:00 P.M. (PREVAILING EASTERN TIME). ANY BALLOT THAT IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN WILL NOT BE COUNTED. THE DEBTORS MAY REQUEST THAT THE VOTING AGENT ATTEMPT TO CONTACT SUCH VOTERS TO CURE ANY SUCH DEFECTS IN THE BALLOTS. THE FAILURE TO VOTE DOES NOT CONSTITUTE A VOTE TO ACCEPT OR REJECT THE PLAN. AN OBJECTION TO THE CONFIRMATION OF THE PLAN, EVEN IF TIMELY SERVED, DOES NOT CONSTITUTE A VOTE TO ACCEPT OR REJECT THE PLAN.

C. Voting Procedures

The Debtors are providing copies of this Disclosure Statement (including all exhibits and appendices) and related materials and a Ballot (collectively, a "*Solicitation Package*") to record holders of First Lien Claims, General Unsecured Claims, and Second Lien Claims. Each Eligible Holder must submit its own Ballot.

Holders of First Lien Claims should provide all of the information requested by the Ballot. Holders of First Lien Claims should complete and return all Ballots received in the enclosed, self-addressed, postage-paid envelope provided with each such Ballot to the Voting Agent.

The Ballots provided to Eligible Holders will reflect the principal amount of such Eligible Holder's Claim; however, when tabulating votes, the Voting Agent may adjust the amount of such Eligible Holder's Claim by multiplying the principal amount by a factor that reflects all amounts accrued between the Voting Record Date and the Petition Date including, without limitation, interest.

Except as provided below, unless the Ballot is timely submitted to the Voting Agent before the Voting Deadline, together with any other documents required by such Ballot, the Debtors may, reject such Ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan.

The delivery of an accepting Ballot pursuant to the procedures set forth above will constitute the agreement of the creditor with respect to such Ballot to accept (i) all of the terms of, and conditions to, this Solicitation; and (ii) the terms of the Plan including the injunction, releases, and exculpations set forth in Article X therein. All parties in interest retain their right to object to confirmation of the Plan pursuant to section 1128 of the Bankruptcy Code.

Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent, properly completed Ballot for acceptance or rejection of the Plan.

The Plan Supplement, once Filed, will be made available for review on the website of the Voting Agent at <http://www.kccllc.net/enduro>. The Debtors reserve the right to modify, amend, supplement, restate or withdraw the Plan Supplement after it is Filed. The Debtors will File and make available on the Voting Agent's website site any modified, amended, supplemented or restated Plan Supplement as promptly as possible.

D. Waivers of Defects, Irregularities, etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawals of Ballots will be determined by the Voting Agent and/or the Debtors, as applicable, which determination will be final and binding. The Debtors reserve the right to reject any and all Ballots submitted by any of their respective creditors not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, as applicable, be unlawful. The Debtors further reserve their respective rights to waive any defects or irregularities or conditions of delivery as to any particular Ballot by any of their creditors. The interpretation (including the Ballot and the respective instructions thereto) by the applicable Debtor unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determines. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

IX.
CONFIRMATION OF THE PLAN

A. Confirmation Hearing

A hearing is scheduled for July 30, 2018 at 10:00 a.m. (prevailing Eastern time) to consider confirmation of the Plan (the “*Confirmation Hearing*”).

B. Requirements for Confirmation of the Plan**1. Requirements of Section 1129(a) of the Bankruptcy Code****(a) General Requirements.**

At the Confirmation Hearing, the Bankruptcy Court will determine whether the confirmation requirements specified in section 1129(a) of the Bankruptcy Code have been satisfied including, without limitation, whether:

- (i) the Plan complies with the applicable provisions of the Bankruptcy Code;
- (ii) the Debtors have complied with the applicable provisions of the Bankruptcy Code;
- (iii) the Plan has been proposed in good faith and not by any means forbidden by law;
- (iv) any payment made or promised by the Debtors 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, or in connection with the Plan and incident to the Chapter 11 Cases, has been disclosed to the Bankruptcy

Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

- (v) with respect to each Class of Claims or Interests, each Holder of an impaired Claim or impaired Equity Interest has either accepted the Plan or will receive or retain under the Plan, on account of such Holder's Claim or Equity Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount such Holder would receive or retain if the Debtors were liquidated on the Effective Date of the Plan under chapter 7 of the Bankruptcy Code;
- (vi) except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (as discussed further below), each Class of Claims either accepted the Plan or is not impaired under the Plan;
- (vii) except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Claims and priority Claims, other than Priority Tax Claims, will be paid in full on the Effective Date, and that Priority Tax Claims will receive either payment in full on the Effective Date or deferred cash payments over a period not exceeding five years after the Petition Date, of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claims;
- (viii) at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such Class;
- (ix) confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan; and
- (x) all fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

(b) Best Interests Test

As noted above, with respect to each impaired class of claims and equity interests, confirmation of a plan requires that each such holder either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the value such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code. This requirement is referred to as the "best interests test."

This test requires a bankruptcy court to determine what the holders of allowed claims and allowed equity interests in each impaired class would receive from a liquidation of the debtor's assets and properties in the context of liquidation under chapter 7 of the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the value of the distributions from the proceeds of the liquidation of the debtor's assets and properties (after subtracting the amounts attributable to the aforesaid claims) is then compared with the value offered to such classes of claims and equity interests under the plan.

The Debtors believe that under the Plan all Holders of Impaired Claims and Interests will receive property with a value not less than the value such Holder would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on (i) consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to Holders of Impaired Claims and Interests and (ii) the Liquidation Analysis attached hereto as **Exhibit D**.

The Debtors believe that any liquidation analysis is speculative, as it is necessarily premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. The Liquidation Analysis provided in **Exhibit D** is solely for the purpose of disclosing to Holders of Claims and Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein. There can be no assurance as to values that would actually be realized in a chapter 7 liquidation nor can there be any assurance that the Bankruptcy Court will accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

(c) Feasibility

Also as noted above, section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan 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. The Plan calls for substantially all of the Debtors' assets to be sold in one or more transactions, with any remaining assets vesting in the Plan Administration Trust. The Plan also provides for appropriate reserves for payment of Other Secured Claims and administrative and priority claims and mechanisms for consummation of distributions to all Holders of Claims entitled to them. Thus, the Debtors believe that, following consummation of the Plan, there will be no need for further liquidation or reorganization.

2. Additional Requirements for Non-Consensual Confirmation

As to Classes 5, 6, and 7, which are presumed to reject the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtors if, as to each impaired Class that rejects or is presumed to reject the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Classes, pursuant to section 1129(b) of the Bankruptcy Code. Both of these requirements are in addition to other requirements established by case law interpreting the statutory requirements.

(a) Unfair Discrimination Test

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. A chapter 11 plan does not discriminate unfairly, within the meaning of the Bankruptcy Code, if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class of claims or interests receives more than it legally is entitled to receive for its claims or interests. This test does not require that the treatment be the same or equivalent, but that such treatment is "fair."

The Debtors believe the Plan satisfies the “unfair discrimination” test. Claims of equal priority are receiving comparable treatment.

(b) Fair and Equitable Test

The “fair and equitable” test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the allowed amount of the claims in such class. As to dissenting classes, the test sets different standards depending on the type of claims in such class. The Debtors submit that if the Debtors “cramdown” the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it satisfies the “fair and equitable” requirement. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the requirements for nonconsensual Confirmation of the Plan.

X.
ALTERNATIVES TO CONFIRMATION AND
CONSUMMATION OF THE PLAN

The Debtors have evaluated several alternatives to the Plan. After studying these alternatives, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries to parties in interest, assuming confirmation and consummation of the Plan. If the Plan is not confirmed and consummated, the alternatives to the Plan are (i) the preparation and presentation of an alternative plan of reorganization, (ii) a sale of some or all of the Debtors’ assets pursuant to section 363 of the Bankruptcy Code, or (iii) a liquidation under chapter 7 of the Bankruptcy Code.

A. Alternative Plan

If the Plan is not confirmed, the Debtors (or if the Debtors’ exclusive period in which to file a chapter 11 plan has expired, any other party in interest) could attempt to formulate a different plan. Such a plan might involve either a reorganization and continuation of the Debtors’ business or an orderly liquidation of its assets. The Debtors, however, submit that the Plan, as described herein, enables their creditors to realize the most value under the circumstances.

B. Sale of All or Substantially All Assets Under Section 363 of the Bankruptcy Code

If the Plan is not confirmed, the Debtors could nevertheless consummate their current marketing and sale process or could seek from the Bankruptcy Court, after notice and a hearing, authorization to sell all or substantially all their assets under section 363 of the Bankruptcy Code through a new process. Holders of First Lien Claims could be entitled to credit bid on any property to which their security interest is attached, and to offset their Claims against the purchase price of the property. In addition, all liens and security interests in the Debtors’ assets generally would attach to the proceeds of any sale of the Debtors’ assets. After these Claims are satisfied, the remaining funds could be used to pay holders of unsecured Claims and Interests. The Plan, on the other hand, provides for appropriate reserves to wind down the Debtors’ affairs responsibly and satisfy Other Secured Claims, Administrative Claims, Other Priority Claims, and Priority Tax Claims in full. Upon analysis and consideration of this alternative, the Debtors do not believe a sale of all or substantially all of their assets under section 363 of the Bankruptcy Code without the benefits of the Plan would yield a higher recovery for holders of Claims and Interests than consummating sales separately from pursuit and implementation of the Plan.

C. Liquidation Under Chapter 7 or Applicable Non-Bankruptcy Law

If no plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution to their creditors in accordance with the priorities established by the Bankruptcy Code. The effect a chapter 7 liquidation would have on the recovery of holders of allowed Claims and Interests is set forth in the Liquidation Analysis attached hereto as **Exhibit D**.

The Debtors believe that liquidation under chapter 7 would result in smaller distributions to creditors than those provided for in the Plan and no distribution to equityholders because of the delay resulting from the conversion of the cases and the additional administrative expenses associated with the appointment of a trustee and the trustee's retention of professionals who would be required to become familiar with the many legal and factual issues in the Debtors' Chapter 11 Cases.

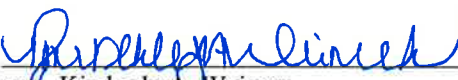
XI.

CONCLUSION AND RECOMMENDATION

The Debtors, the Consenting First Lien Lenders, the First Lien Agent, and the Consenting Second Lien Lenders believe the Plan is in the best interests of all stakeholders and urge the Holders of Claims in Classes 2, 3, and 4 to vote in favor thereof.

Dated: May 18, 2018
Wilmington, Delaware

**ENDURO RESOURCE PARTNERS LLC
and each of its Debtor Affiliates**

By: 
Name: Kimberly A. Weimer
Title: Vice President and Chief Financial Officer