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

In re:	§	Chapter 11
VANGUARD NATURAL RESOURCES, LLC, *et al.*,[1]	§	Case No. 17-30560 (MI)
	§	(Jointly Administered)
Debtors.	§	

DISCLOSURE STATEMENT RELATING TO THE AMENDED JOINT PLAN OF REORGANIZATION OF VANGUARD NATURAL RESOURCES, LLC, *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Chris L. Dickerson, Esq. (admitted *pro hac vice*)
Todd M. Schwartz, Esq. (admitted *pro hac vice*)
PAUL HASTINGS LLP
71 South Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 499-6000
Facsimile: (312) 499-6100

- and -

James T. Grogan, Esq. (Tex. Bar No. 24027354)
Danny Newman, Esq. (Tex. Bar No. 24092896)
PAUL HASTINGS LLP
600 Travis Street, 58th Floor
Houston, Texas 77002
Telephone: (713) 860-7300
Facsimile: (713) 353-2801

Counsel to Vanguard

Dated: May 24, 2017

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Vanguard Natural Resources, LLC (1161); Eagle Rock Acquisition Partnership, L.P. (6706); Eagle Rock Acquisition Partnership II, L.P. (0903); Eagle Rock Energy Acquisition Co., Inc. (4564); Eagle Rock Energy Acquisition Co. II, Inc. (3364); Eagle Rock Upstream Development Company, Inc. (0113); Eagle Rock Upstream Development Company II, Inc. (7453); Encore Clear Fork Pipeline LLC (2032); Escambia Asset Co. LLC (3869); Escambia Operating Co. LLC (2000); Vanguard Natural Gas, LLC (1004); Vanguard Operating, LLC (9331); VNR Finance Corp. (1494); and VNR Holdings, LLC (6371). The location of the Debtors' service address is: 5847 San Felipe, Suite 3000, Houston, Texas 77057.

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF ANY CHAPTER 11 PLAN DESCRIBED HEREIN. ACCEPTANCES OR REJECTIONS OF A CHAPTER 11 PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED FOR BANKRUPTCY COURT APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE DEBTORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE HEARING TO CONSIDER APPROVAL OF THIS DISCLOSURE STATEMENT.[2]

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT[3]

The Debtors are providing the information in this Disclosure Statement to Holders of Claims or Equity Interests for purposes of soliciting votes to accept or reject the joint plan of reorganization of Vanguard Natural Resources, LLC and its Debtor affiliates, pursuant to chapter 11 of the Bankruptcy Code. Nothing in this Disclosure Statement may be relied upon or used by any Entity for any other purpose. Before deciding whether to vote for or against the Plan, each Holder entitled to vote should consider carefully all of the information in this Disclosure Statement, including the Risk Factors described in Article 0 herein.

Subject to the foregoing, the Plan is supported by the Debtors, the Ad Hoc Group of Second Lien Noteholders, the Ad Hoc Group of Senior Noteholders, and the Creditors' Committee. In addition, following extensive arms' length negotiations among the Debtors, the Ad Hoc Group of Senior Noteholders, and the Administrative Agent, the Administrative Agent supports the Plan and the treatment provided for the Lender Claims thereunder, and will recommend approval thereof by all Lenders. Although there can be no certainty, the Debtors believe that based on the foregoing, Lenders holding in excess of two-thirds in dollar amount of the Lender Claims shortly will agree to support the Plan and become parties to an amended RSA. The Debtors urge Holders of Claims or Equity Interests whose votes are being solicited to accept the Plan.

The Debtors urge each Holder of a Claim or Equity Interest to consult with its own advisors with respect to any legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement, the Plan, and the proposed transactions contemplated in the Plan. This Disclosure Statement may not be deemed as providing any legal, financial, securities, tax, or business advice. The Debtors urge all Holders of a Claim or Equity Interest to consult with their own legal advisors with respect to any such advice in reviewing this Disclosure Statement and the Plan. The Bankruptcy Court's approval of this Disclosure Statement does not constitute a guarantee by the Bankruptcy Court of the accuracy or completeness of the information contained herein or an endorsement by the

[2] This text box will be removed upon Bankruptcy Court approval of the Disclosure Statement.

[3] Capitalized terms used but not defined in this disclaimer have the meaning ascribed to them elsewhere in this Disclosure Statement or in the Plan (as defined below), as applicable.

Bankruptcy Court of the merits of the Plan or the Bankruptcy Court's approval of the Plan.

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, and financial information in the Debtors' Chapter 11 Cases. Although the Debtors believe that these summaries are fair and accurate, these summaries are qualified in their entirety to the extent that they do not set forth the entire text of such documents, statutory provisions, or financial information or every detail of such events. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan or such other documents will govern for all purposes. Factual information contained in this Disclosure Statement has been provided by the Debtors' management except where otherwise specifically noted. No representations have been authorized by the Bankruptcy Court concerning the Debtors, their business operations, or the value of their assets, except as explicitly set forth in this Disclosure Statement. The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission.

This Disclosure Statement was prepared to provide parties in interest in these cases with "adequate information" (as defined in section 1125 of the Bankruptcy Code) so that those creditors who are entitled to vote to accept or reject the Plan can make an informed judgment regarding such vote on the Plan.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from the Debtors' books and records and on various assumptions regarding the Debtors' businesses. The Debtors believe that such financial information fairly reflects the financial condition of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments; however, the Debtors make no representations or warranties as to the accuracy of the financial information contained herein or assumptions regarding the Debtors' businesses and their future results and operations. The Debtors expressly caution readers not to place undue reliance on any forward-looking statements contained herein.

This Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation, or waiver. The Debtors or any other authorized party may seek to investigate, file, and prosecute Causes of Actions and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies any such Causes of Actions or objections to Claims.

Unless otherwise specifically noted, the Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise. Holders of Claims or Equity Interests reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed. Information contained

herein is subject to completion, modification, or amendment. The Debtors reserve the right to file an amended or modified Plan and related Disclosure Statement from time to time for the Debtors, subject to the RSA.

The Debtors have not authorized any Entity to give any information about or concerning the Plan other than that which is contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders of Claims or Equity Interests (including those Holders of Claims or Equity Interests who do not submit Ballots to accept or reject the Plan, who vote to reject the Plan, or who are not entitled to vote on the Plan) will be bound by the terms of the Plan and the Restructuring Transactions contemplated thereby.

The Confirmation and effectiveness of the Plan are subject to certain material conditions precedent described herein and set forth in Article IX of the Plan. There is no assurance that the Plan will be confirmed, or if confirmed, that the conditions required to be satisfied for the Plan to go effective will be satisfied (or waived).

You are encouraged to read the Plan and this Disclosure Statement in its entirety, including Article 0, entitled "RISK FACTORS," which begins on page 73, before submitting your Ballot to vote on the Plan.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily prepared in accordance with federal or state securities laws or other similar laws. Persons or Entities trading in, or otherwise purchasing, selling, or transferring securities of the Debtors and their subsidiaries should not rely upon this Disclosure Statement for such purposes and should evaluate this disclosure statement and the Plan in light of the purpose for which they were prepared. This Disclosure Statement has not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") or any similar federal, state, local, or foreign regulatory agency, nor has the SEC or any other agency passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement.

As to contested matters, adversary proceedings, and other actions or threatened actions, this Disclosure Statement shall not constitute or be construed as an admission of any fact, liability, stipulation, or waiver, but rather as a statement made in settlement negotiations.

The Debtors have sought to ensure the accuracy of the financial information provided in this Disclosure Statement; however, the financial information contained in this Disclosure Statement or incorporated herein by reference has not been, and will not be, audited or reviewed by the Debtors' independent auditors unless explicitly provided otherwise.

Upon Confirmation of the Plan, certain of the securities described in this Disclosure Statement will be issued without registration under the Securities Act of 1933 (together

with the rules and regulations promulgated thereunder, the "Securities Act") or similar federal, state, local, or foreign laws, in reliance on the exemption set forth in section 1145 of the Bankruptcy Code. Other Securities may be issued pursuant to other applicable exemptions under the federal securities laws. To the extent exemptions from registration under section 1145 of the Bankruptcy Code or applicable federal securities law do not apply, the Securities may not be offered or sold except pursuant to a valid exemption or upon registration under the Securities Act.

This Disclosure Statement has not been filed with or reviewed by, and the securities to be issued on or after the date the Plan becomes effective will not have been the subject of, or registered pursuant to, a registration statement filed with the SEC under the Securities Act, or with any other securities regulatory authority of any state under any state securities or "Blue Sky" laws. The Plan has not been approved or disapproved by the SEC, any other securities regulatory authority, or any state securities commission, and neither the SEC nor any state securities commission or foreign authority has passed upon the accuracy or adequacy of the information contained herein. Any representation to the contrary is a criminal offense. This Disclosure Statement does not constitute an offer or solicitation in any state or other jurisdiction in which such offer or solicitation is not authorized.

The Debtors make statements in this Disclosure Statement that are considered forward-looking statements under federal securities laws. The Debtors consider all statements regarding anticipated or future matters to be forward-looking statements. Forward-looking statements may include statements about the Debtors':

- **business strategy;**
- **acquisition strategy;**
- **financial strategy;**
- **risks associated with the chapter 11 process, including the Debtors' inability to develop, confirm, and consummate a plan under chapter 11 or an alternative restructuring transaction;**
- **inability to maintain relationships with suppliers, customers, employees, and other third parties as a result of the chapter 11 filings;**
- **failure to satisfy the Debtors' short- or long-term liquidity needs, including their inability to generate sufficient cash flow from operations or to obtain adequate financing to fund their capital expenditures and meet working capital needs and their ability to continue as a going concern;**
- **large or multiple customer defaults on contractual obligations, including defaults resulting from actual or potential insolvencies;**
- **legal proceedings and the effects thereof;**

- **ability to resume payment of distributions in the future or maintain or grow them after such resumption;**
- **drilling locations;**
- **oil, natural gas, and natural gas liquid ("NGL") reserves;**
- **realized oil, natural gas and NGL prices;**
- **production volumes;**
- **capital expenditures;**
- **economic and competitive advantages;**
- **credit and capital market conditions;**
- **regulatory changes;**
- **lease operating expenses, general and administrative expenses, and development costs;**
- **future operating results, including results of acquired properties;**
- **plans, objectives, expectations, and intentions; and**
- **integration and the resulting benefits of asset and property acquisitions or the effects of asset and property acquisitions or dispositions on the Debtors' cash position and levels of indebtedness.**

Statements concerning these and other matters are not guarantees of the Reorganized Debtors' future performance. There are risks, uncertainties, and other important factors that could cause the Reorganized Debtors' actual performance or achievements to be different from those they may project, and the Debtors undertake no obligation to update the projections made herein. These risks, uncertainties, and factors may include: the Debtors' ability to confirm and consummate the Plan; the Debtors' ability to reduce their overall financial leverage; the potential adverse impact of the Chapter 11 Cases on the Debtors' operations, management, and employees, and the risks associated with operating the Debtors' businesses during the Chapter 11 Cases; customer responses to the Chapter 11 Cases; the Debtors' inability to discharge or settle Claims during the Chapter 11 Cases; the Debtors' ability to access financing necessary to consummate the Plan; general economic, business, and market conditions; currency fluctuations; interest rate fluctuations; price increases; exposure to litigation; a decline in the Debtors' market share due to competition or price pressure by customers; the Debtors' ability to implement cost reduction initiatives in a timely manner; the Debtors' ability to divest existing businesses; financial conditions of the Debtors' customers; adverse tax changes; limited access to capital resources; changes in domestic and foreign laws and

regulations; trade balance; natural disasters; geopolitical instability; and the effects of governmental regulation on the Debtors' businesses.

The Debtors reserve the right to argue that this Disclosure Statement shall not be admissible in any non-bankruptcy proceeding involving the Debtors or any other party, nor shall it be construed to be advice on the tax, securities, or other legal effects of the reorganization as to Holders of Claims against or Equity Interests in the Debtors. You should consult your own counsel or tax advisor on any questions or concerns respecting tax, securities, or other legal effects of the reorganization on Holders of Claims and Equity Interests.

NOTE: THE DEBTORS BELIEVE THAT ACCEPTANCE OF THE PLAN DESCRIBED IN THIS DOCUMENT IS IN THE BEST INTERESTS OF THE DEBTORS' ESTATES, THEIR CREDITORS, THEIR PREFERRED AND COMMON UNIT HOLDERS, AND ALL OTHER PARTIES IN INTEREST. ACCORDINGLY, THE DEBTORS RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN.

THE CREDITORS' COMMITTEE HAS ALSO PREPARED A LETTER IN SUPPORT OF CONFIRMATION OF THE PLAN, WHICH LETTER IS INCLUDED IN THE SOLICITATION PACKAGES THAT WILL BE DISTRIBUTED TO HOLDERS OF GENERAL UNSECURED CLAIMS, ENCANA CLAIMS, AND TRADE CLAIMS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.

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[1] Each Exhibit is incorporated herein by reference.

I. INTRODUCTION

The Debtors submit this disclosure statement (this "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims against or Equity Interests in the Debtors in connection with the solicitation of acceptances with respect to the *Amended Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code*), dated May 24, 2017 (including the Plan Supplement and the exhibits and schedules hereto and thereto, as the same may be amended or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the terms thereof, the "Plan").[1] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the Debtors.

THE DEBTORS, THE ADMINISTRATIVE AGENT, THE AD HOC GROUP OF SENIOR NOTEHOLDERS, THE AD HOC GROUP OF SECOND LIEN NOTEHOLDERS, AND THE CREDITORS' COMMITTEE SUPPORT THE PLAN. THE DEBTORS BELIEVE THAT THE COMPROMISE CONTEMPLATED UNDER THE PLAN IS FAIR AND EQUITABLE, MAXIMIZES THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDES THE BEST RECOVERY TO HOLDERS OF CLAIMS OR INTERESTS. AT THIS TIME, THE DEBTORS BELIEVE THIS IS THE BEST AVAILABLE ALTERNATIVE FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

[1] Capitalized terms used but not otherwise defined in this Disclosure Statement have the meaning ascribed to such terms in the Plan. **The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between this Disclosure Statement and the Plan, the Plan will govern**.

II. EXECUTIVE SUMMARY

Vanguard Natural Resources, LLC ("VNR"), along with certain of its subsidiaries (collectively, the "Debtors") form an oil and natural gas company with a principal focus on acquisition, production, and development activities in the Rocky Mountain, Mid-Continent, Gulf Coast, and West Texas regions of the United States. VNR is a publicly traded limited liability company organized under the laws of Delaware and one of the above-captioned debtors and debtors in possession. VNR and certain direct and indirect Debtor subsidiaries are the obligors on the majority of the Debtors' funded debt.

The Debtors conduct their exploration and production ("E&P") activities across eleven states in ten geographic basins. As of December 31, 2016, the Debtors owned working interests in 12,589 gross (4,444 net) productive wells. The Debtors' operated wells accounted for approximately 65% of their total estimated proved reserves as of December 31, 2016. The Debtors have interests in approximately 677,509 gross undeveloped leasehold acres surrounding their existing wells. The Debtors also provide "midstream" services, which involve the gathering, transportation, and processing of produced hydrocarbons. The Debtors also own and maintain midstream assets, including electrical infrastructure, pipelines, and disposal systems. In the aggregate, the Debtors generated approximately $345 million in revenue during the year ending December 31, 2016 as compared to approximately $567 million during the year ending December 31, 2015.

Despite the Debtors' favorable low-cost operating structure and the relatively predictable decline curves associated with their production, the Debtors' revenues, earnings, and liquidity have been substantially and negatively affected by depressed commodity prices that have persisted over a prolonged period of time. These depressed commodity prices have hit E&P companies especially hard, leading to a wave of bankruptcies, defaults, and out-of-court restructurings over the last two years. This environment has made it especially difficult for some companies to identify and execute on any viable restructuring alternatives.

During 2016, the Debtors liquidity became strained after various borrowing-base redeterminations eliminated the Debtors' ability to draw on their Credit Agreement and triggered mandatory repayments of principal to address the resulting borrowing-base deficiencies. To mitigate this strain, the Debtors implemented various operational "right-sizing" and other cost-cutting measures. These measures included reducing rates with key vendors, reducing employee and other human resources costs, lowering certain E&P software costs, and shutting-in uneconomical wells to allocate capital to the highest return areas and preserve liquidity. As market conditions hit rock bottom in early 2016, it became clear that the Debtors would not be able to maintain compliance with certain financial covenants under the Credit Agreement. Accordingly, the Debtors began to engage their key stakeholders—including the Lenders, an ad hoc group of Holders of Second Lien Notes (the "Ad Hoc Group of Second Lien Noteholders"), and an ad hoc group of Holders of Senior Notes (the "Ad Hoc Group of Senior Noteholders" and together with the Ad Hoc Group of Second Lien Noteholders, the "Ad Hoc Noteholders")—regarding comprehensive restructuring alternatives that would strengthen the Debtors' balance sheet and provide near-term liquidity support.

In the months immediately preceding the Petition Date, the Debtors worked with the Lenders and the Ad Hoc Noteholders to negotiate a consensual restructuring transaction to be supported by all levels of the capital structure. As part of these negotiations, the Debtors solicited and received a proposal from the Ad Hoc Group of Senior Noteholders. The Debtors continued negotiations with the Lenders and the Ad Hoc Noteholders in an effort to maximize the overall liquidity commitments from each group and improve the terms on which the liquidity was being offered.

The Debtors explored various leverage points and arrived at a resolution under which the Ad Hoc Noteholders agreed to significant concessions and financial support, including, among other things, (a) agreeing to convert the Senior Notes to ownership interests in Reorganized VNR Finance, (b) a $127.875 million rights offering, pursuant to which Holders of Senior Notes Claims are entitled to purchase equity in Reorganized VNR Finance, and a $127.875 million equity investment, pursuant to which the Commitment Parties will purchase equity in Reorganized VNR Finance, and (c) a $19.25 million equity investment from certain Holders of Second Lien Notes (the "Second Lien Investors"). The debt conversion and new-money investments will provide substantial benefits to the Debtors and drive recoveries for stakeholders enterprise-wide. All told, the resolution would eliminate more than $700 million in existing debt obligations under the Credit Agreement and the Senior Notes.

After extensive good-faith negotiations with the Ad Hoc Noteholders, the Debtors' board of directors (the "Board") determined, after consultation with the Debtors' advisors, that the restructuring proposal outlined above maximized value for all parties in interest, best positioned the Debtors to emerge from chapter 11 as a successful going concern, and represented the best available alternative to effect a successful restructuring. As a result, the Debtors entered into the RSA with the Ad Hoc Noteholders on February 1, 2017.

After substantial further negotiations, moreover, (a) the Debtors reached a global agreement with the Creditors' Committee, the terms of which are summarized in Article VII.M of this Disclosure Statement, entitled "Settlement with the Creditors' Committee," which begins on page 71 and (b) the Debtors and the Consenting Creditors reached a global agreement regarding the terms of the Debtors' restructuring, resulting in certain pending amendments to the RSA and the exhibits attached thereto. The amendments include, among other things, the addition of: (a) certain key terms to the Rights Offering; (b) certain key terms to the Exit Facility; and (c) certain key terms to the Debtors' postpetition hedging program. The RSA and the exhibits attached thereto, as amended, including the term sheet for the Plan (the "Plan Term Sheet") attached hereto as **Exhibit B** are incorporated herein by reference.

The RSA contemplates a swift restructuring effectuated through a plan of reorganization premised upon a value-maximizing investment of new capital to pay down Credit Agreement indebtedness and effectuate a debt-to-equity conversion of the Senior Notes. As a result, the Debtors anticipate emerging from chapter 11 with a significantly deleveraged balance sheet. Successful implementation of the Debtors' proposed restructuring will mitigate the risk of a sale of all or substantially all of the Debtors' assets, which likely would occur at a significant discount given current market conditions, allowing the Debtors to benefit from the appreciation of asset values if the market improves.

To capture the benefit of the compromises embodied in the RSA, the Debtors must move expeditiously through chapter 11. The RSA, as amended, sets forth the following milestones (collectively, the "Milestones"), which may be extended with the consent of the requisite Consenting Creditors:

- no later than May 31, 2017, file the Hedging Motion (as defined in Article VII.D of this Disclosure Statement, entitled "Other Motions," which begins on page 65);
- no later than June 14, 2017, obtain entry of the Hedging Order (as defined in Article VII.D of this Disclosure Statement, entitled "Other Motions," which begins on page 65);
- no later than May 31, 2017, obtain entry of the Disclosure Statement Order;
- no later than July 17, 2017, obtain entry of the Confirmation Order; and
- no later than July 24, 2017, consummate the Plan.

The core terms of the RSA will be implemented through a chapter 11 plan of reorganization—namely, the Plan (described more fully in Article 0 of this Disclosure Statement, entitled "OVERVIEW OF THE PLAN," which begins on page 55). The RSA is summarized in more detail in Article VI.C of this Disclosure Statement.

III. OVERVIEW OF THE PLAN

The Plan provides for the reorganization of the Debtors as a going concern and will significantly reduce long-term debt and annual interest payments of the Reorganized Debtors, resulting in a stronger, de-levered balance sheet.

Specifically, the Plan provides for:

(a) The Rights Offering, consisting of (i) a $10.176081 million rights offering to be conducted in reliance upon the exemption from registration under the Securities Act provided in section 1145 of the Bankruptcy Code (the "1145 Rights Offering"), pursuant to which Holders of Senior Notes Claims are entitled to purchase equity in Reorganized VNR Finance (the "1145 Rights Offering Equity"), (ii) a $117.698919 million rights offering to be conducted in reliance upon the exemption from registration under the Securities Act provided in section 4(a)(2) of the Securities Act (the "Accredited Investor Rights Offering"), pursuant to which Accredited Investor Eligible Holders of Senior Notes Claims are entitled to purchase equity in Reorganized VNR Finance (the "Accredited Investor Rights Offering Equity"), and (iii) a $127.875 million equity investment (the "4(a)(2) Backstop Commitment"), pursuant to which the Commitment Parties will purchase equity in Reorganized VNR Finance (the "4(a)(2) Backstop Commitment Equity").

(b) A fully committed $19.25 million equity investment from the Second Lien Investors for shares of New Common Stock equal to 6.4% of the aggregate New Common Stock as of the Effective Date and subject to dilution as set forth in the Plan (the "Second Lien Investment Equity");

(c) A full recovery for Holders of Allowed Lender Claims consisting of (i) cash in the amount of the Credit Agreement Interest plus (ii) cash in the amount of its Pro Rata share of the Glasscock Sale Proceeds. In addition, each such Holder shall receive treatment under either Option 1 or Option 2 below. If the Holder elects (or is deemed to elect, upon its execution of the Exit Facility Credit Agreement) Option 1 on its Ballot, it shall also receive its Option 1 Pro Rata Share of (i) the Lender Paydown, (ii) the Exit Revolving Loans, and (iii) the Exit Term A Loans. If such Holder elects Option 2 on its Ballot, it shall also receive its Option 2 Pro Rata Share of the Exit Term B Loans.

(d) The issuance of new notes to Holders of Allowed Second Lien Notes Claims in an aggregate principal amount of approximately $78.075 million, plus accrued and unpaid postpetition interest through the Effective Date (the "New Second Lien Notes").

The Plan also provides that Holders of Senior Notes Claims will receive a recovery consisting of a Pro Rata distribution of a number of shares of New Common Stock equal to 97% of the aggregate New Common Stock as of the Effective Date and subject to dilution as set forth in the Plan (the "Senior Note Claim Distribution") and the opportunity to participate in the 1145

Rights Offering and the Accredited Investor Rights Offering (to the extent such Holder is an Accredited Investor Eligible Holder) in accordance with the Plan, the 1145 Rights Offering Procedures, and the Accredited Investor Rights Offering Procedures, respectively.

Holders of Allowed General Unsecured Claims will either: (a) receive (i) their Pro Rata share of the GUC Equity Pool and (ii) if such Holder is a GUC Eligible Holder, the opportunity to participate in the GUC Rights Offering in accordance with the terms of the Plan and the GUC Rights Offering Procedures; or (b) participate in the GUC Cash Pool. In the event a Holder participates in the GUC Cash Pool, its Pro Rata share of the GUC Equity Pool and GUC Rights shall be cancelled. If the Holder of an Allowed General Unsecured Claim elects to participate in the GUC Cash Pool, such Holder will receive, following Allowance of its Claim, Cash equal to 12% of the amount of its Allowed General Unsecured Claim; *provided*, that (i) if the GUC Cash Pool has been exhausted, Holders of Allowed General Unsecured Claims will no longer be able to elect to participate in the GUC Cash Pool, and all such Holders will receive the treatment described in Article III.B.7(b)(i) of the Plan; and (ii) *provided further* that the Reorganized Debtors shall retain any Cash left in the GUC Cash Pool following the resolution of all Disputed Claims and the payment of all Cash required by Article III.B.7(c) of the Plan.

Holders of Allowed Encana Claims will receive (a) New Common Stock at the same rate as Holders of Allowed General Unsecured Claims and (b) the opportunity to participate in the GUC Rights Offering. Holders of Allowed Trade Claims will receive Cash in an amount equal to their Pro Rata share of the Trade Claims Distribution Pool; *provided*, that no Holder of an Allowed Trade Claim shall be entitled to distributions exceeding the amount of its Allowed Trade Claim. The Trade Claims Distribution Pool will equal $3 million to be used for Cash payments on account of Trade Claims in accordance with the Plan.

Holders of VNR Preferred Units will receive: if Class 6, Class 7, Class 8, Class 9, and Class 12 are each determined to have voted to accept the Plan in accordance with the Bankruptcy Code, such Holder's Pro Rata share of (a) a Pro Rata distribution of a number of shares of New Common Stock equal to 3% of the New Common Stock as of the Effective Date and subject to dilution as set forth in the Plan (the "VNR Preferred Unit Equity Distribution") and (b) VNR Preferred Unit New Warrants; *provided* that each Holder of VNR Preferred Units shall be given the opportunity to elect to waive its recovery, in which case the VNR Preferred Unit Equity Distribution and VNR Preferred Unit New Warrants that such Holder would have been entitled to receive shall be cancelled and of no further effect.

Holders of VNR Common Units shall receive: if Class 6, Class 7, Class 8, Class 9, Class 12, and Class 13 are each determined to have voted to accept the Plan in accordance with the Bankruptcy Code, such Holder's Pro Rata share of the VNR Common Unit New Warrants; *provided* that each Holder of VNR Common Units shall be given the opportunity to elect to waive its recovery, in which case the VNR Common Unit New Warrants that such Holder would have been entitled to receive shall be cancelled and of no further effect.

The formulation of the Plan is a significant achievement for the Debtors in the face of the challenging circumstances facing the Debtors, including historic commodity price declines and a depressed operating environment. The Debtors strongly believe that the Plan is in the best interests of the Debtors' estates, represents the best available path to restructuring, and

significantly deleverages the Debtors' consolidated balance sheet at a critical time when the commodity cycle downturn is negatively affecting highly leveraged companies within the oil and gas industry as a whole. Given the Debtors' core strengths, including their attractive asset and customer base, an established reputation for the highest level of customer service and operational performance, and an operating footprint that encompasses ten operating basins across the United States, the Debtors are confident that they can implement this agreed restructuring to ensure the Debtors' long-term viability.

A. Exit Facility

On the Effective Date, the Reorganized Debtors shall enter into the Exit Facility. Each Holder of an Allowed Lender Claim that participates in the Exit Facility shall receive its Option 1 Pro Rata share of the (a) Exit Revolving Loans and the Revolving Commitments, (b) Exit Term A Loans (in the case of (a) and (b) by participating as a Lender under the Exit Facility), and (c) Lender Paydown, pursuant to Article III.B.4 of the Plan. The Exit Facility shall be on terms set forth in the Exit Facility Documents and consistent with the terms set forth in the Exit Facility Term Sheet attached hereto as **Exhibit K** and incorporated herein by reference.[2] In addition, to the extent a Lender elects to participate in the Exit Term B Facility, such Lender shall receive its Option 2 Pro Rata Share of the Exit Term B Loans. The Exit Term B Facility shall be on terms set forth in the Exit Term B Documents and substantially consistent with the terms set forth in the Exit Term B Term Sheet

Confirmation shall be deemed approval of the Exit Facility and Exit Term B Facility (including, respectively, the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors in connection therewith), to the extent not previously approved by the Bankruptcy Court, and the Reorganized Debtors shall be authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Facility and Exit Term B Facility, including any and all documents and Exit Facility Documents required to enter into the Exit Facility pursuant to the terms thereof and Exit Term B Facility and all collateral documents related thereto, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate entry into the Exit Facility and Exit Term B Facility.

B. Term Loan Purchase

On the Effective Date, the applicable Consenting Senior Noteholders will consummate the Term Loan Purchase by purchasing, in the aggregate, $31.25 million in principal amount of Exit Term A Loans on a pro rata basis from the Option 1 Lenders for an aggregate payment in Cash of $31.25 million to the administrative agent for the Exit Term A Loans for the benefit of the Option 1 Lenders in accordance with their Option 1 Pro Rata Share. Without any further documentation or payment, the administrative agent for the Exit Term A Loans shall record the

[2] The Exit Facility Term Sheet is in substantially final form. The Parties are continuing to negotiate over the final terms of the asset coverage ratio and will file an amended Exit Facility Term Sheet once this issue is resolved.

Term Loan Purchase in the register of the Lenders (as defined in the Exit Facility) with respect to such $31.25 million in Exit Term A Loans.

Confirmation of the Plan shall be deemed approval of such Term Loan Purchase to the extent not previously approved by the Bankruptcy Court, and the Reorganized Debtors and the administrative agent for the Exit Term A Loans shall be authorized to execute and deliver those documents necessary or appropriate to effectuate such Term Loan Purchase without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate such Term Loan Purchase.

C. New Second Lien Notes

On the Effective Date, the Reorganized Debtors shall issue the New Second Lien Notes, in accordance with the terms and conditions of the New Second Lien Notes Documents. The New Second Lien Notes will be senior secured second lien notes due 2024 in an aggregate principal amount of approximately $78.075 million, plus accrued and unpaid postpetition interest through the Effective Date, and will be issued pursuant to the New Second Lien Notes Indenture. The New Second Lien Notes Documents will be included in the Plan Supplement.

D. Second Lien Investment

On the Effective Date, the Consenting Second Lien Noteholders will purchase the Second Lien Investment Equity from Reorganized VNR Finance, in accordance with the terms and conditions of the Second Lien Investment Agreement. The Second Lien Investment will be fully backstopped by certain Backstop Parties in accordance with and subject to the terms and conditions of the Backstop Agreement.

E. Rights Offering for New Common Stock

On the Effective Date, the Reorganized Debtors shall consummate the Rights Offering, which consists of the 1145 Rights Offering, the Accredited Investor Rights Offering, and the 4(a)(2) Backstop Commitment, pursuant to the terms of the Backstop Agreement and in accordance with the 1145 Rights Offering Procedures and the Accredited Investor Rights Offering Procedures (collectively, the "Rights Offering Procedures") attached hereto as **Exhibit C-1** and **Exhibit C-2**, respectively. The Rights Offering Participants shall have the right to purchase their allocated shares of New Common Stock at the per share purchase price set forth in the Backstop Agreement and the applicable Rights Offering Procedures. The Rights Offering will be backstopped by the Backstop Parties in accordance with and subject to the terms and conditions of the Backstop Agreement.

Any unsubscribed shares under the Rights Offering shall be purchased by the Backstop Parties at a per share purchase price that reflects a 25% discount to the total settled plan enterprise value of $1.425 billion. Additionally, under the terms of the Backstop Agreement, the Backstop Parties will receive a premium in an amount equal to 6% (subject to dilution only by the New Common Stock issuable upon exercise of the New Warrants and the New Management Incentive Plan) of the Rights Offering.

Upon exercise of the Rights by the Rights Offering Participants pursuant to the terms of the Backstop Agreement and the applicable Rights Offering Procedures, Reorganized VNR Finance shall be authorized to issue the New Common Stock issuable pursuant to such exercise in accordance with Article IV.C.6 of the Plan.

F. GUC Rights Offering

The Reorganized Debtors shall consummate the GUC Rights Offering in accordance with the GUC Rights Offering Procedures attached hereto as **Exhibit C-3**. GUC Rights Offering Equity shall only be issued to Holders of Allowed Claims. Holders of Allowed General Unsecured Claims, Disputed General Unsecured Claims, Allowed Encana Claims, or Disputed Encana Claims (in each case that are otherwise eligible to participate in the GUC Rights Offering) that wish to participate in the GUC Rights Offering must subscribe and deposit their purchase price prior to the subscription deadline set forth in the GUC Rights Offering Procedures (which shall be prior to the Effective Date). No GUC Rights Offering Equity (or New Common Stock from the GUC Equity Pool) shall be issued until such time as all Disputed General Unsecured Claims or Disputed Encana Claims, as applicable, have been resolved. If the Holder of a Disputed Claim subscribed for a greater number of GUC Rights Offering Shares than its Allowed Claim would entitle it to subscribe for, its subscription shall be deemed reduced and any excess deposit returned to it in accordance with the GUC Rights Offering Procedures. The GUC Rights Offering will not be backstopped, and the GUC Rights Offering Equity shall be in addition to the Rights Offering Equity.

Any shares issued under the GUC Rights Offering will be at a per share price reflecting a 25% discount to the total settled plan enterprise value of $1.425 billion. Upon exercise of the GUC Rights by the GUC Rights Offering Participants pursuant to the terms of the GUC Rights Offering Procedures, Reorganized VNR Finance shall be authorized to issue the New Common Stock issuable pursuant to such exercise in accordance in accordance with Article IV.C.6 of the Plan.

G. New Common Stock

Reorganized VNR Finance shall be authorized to issue the New Common Stock to certain Holders of Claims or Equity Interests pursuant to Article III.B of the Plan. Reorganized VNR Finance shall issue all securities, instruments, certificates, and other documents required to be issued by it with respect to all such shares of New Common Stock. All such New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable.

H. New Warrants

Reorganized VNR Finance shall be authorized to issue the New Warrants to certain Holders of Equity Interests pursuant to Article III.B of the Plan. Each New Warrant will, subject to the antidilution adjustments described in the Plan and in the Warrant Agreement, be exercisable for one share of New Common Stock.

The Warrant Agreement will be included in the Plan Supplement and shall contain provisions for the adjustment of the exercise price and shares of New Common Stock issuable

upon exercise following stock splits, stock dividends, and similar combinations or subdivisions of the New Common Stock.

I. New Management Incentive Plan

The Confirmation Order shall authorize the New Board to adopt the New Management Incentive Plan. The New Management Incentive Plan shall be subject to approval by the New Board and shall authorize the issuance of awards representing 10% of the New Common Stock, on a fully diluted basis as of the Effective Date, after giving effect to the issuance of the New Common Stock issuable in connection with the Rights Offering, the GUC Rights Offering, distributions from the GUC Equity Pool, New Common Stock issuable to Encana, the Second Lien Investment, and the Backstop Premium, and to the Holders of VNR Preferred Units, but subject to dilution by any New Common Stock issuable upon exercise of the New Warrants, which awards will be issued after the Effective Date at the discretion of the New Board and on terms to be determined by the New Board (including with respect to allocation, timing and structure of such issuance and the New Management Incentive Plan). The Description of the New Management Incentive Plan is attached hereto as **Exhibit L**.

J. Use of Proceeds

Proceeds from the DIP Facility, if any, the Rights Offering, the Second Lien Investment Equity, existing Cash on hand, net proceeds from collateral sales, and the Exit Facility, as applicable, will be used, among other things, to fund certain distributions under the Plan, the Debtors' operations, and administration of the Chapter 11 Cases, as well as for general corporate purposes.

K. Directors and Officers of the Reorganized Debtors

As of the Effective Date, the terms of the current members of the board of directors or managers, as applicable, of each Debtor shall expire and the initial New Board shall consist of seven directors and will include: (a) two directors of current management selected by management of Debtors prior to the Effective Date; and (b) five directors to be selected by the Senior Commitment Parties in accordance with the RSA. The New Board shall be disclosed at or before the Confirmation Hearing.

After the Effective Date, the officers of each of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identity and affiliations of any person proposed to serve on the initial board of directors or be an officer of each of the Reorganized Debtors. To the extent any such director or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents.

L. General Settlement of Claims and Equity Interests

The Plan shall be deemed a motion to approve the good faith compromise and settlement pursuant to which the Debtors, the Holders of Claims against and/or Equity Interests in the Debtors, the Holders of Senior Notes Claims, the Holders of Second Lien Notes Claims settle all Claims, Equity Interests, and Causes of Action pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan (including, without limitation, any argument that the Allowed Second Lien Claims should be increased by a "make-whole" or similar amount or premium). The Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise, settlement, and release of all such Claims, Equity Interests, and Causes of Action, as well as a finding by the Bankruptcy Court that all such compromises, settlements, and releases are in the best interests of the Debtors, their Estates, and the Holders of Claims or Equity Interests, and Causes of Action, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle all Claims and Causes of Action against, and Equity Interests in, the Debtors and their Estates. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. Subject to Article VI of the Plan, all distributions made to Holders of Allowed Claims and Allowed Equity Interests in any Class are intended to be and shall be final.

M. Releases

The Plan contains certain releases in favor of certain parties (as described more fully in Article IV.W of this Disclosure Statement, entitled "Will there be releases and exculpation granted to parties in interest as part of the Plan?," which begins on page 35), including: (a) each of the Debtors and the Reorganized Debtors; (b) the Consenting Creditors; (c) the DIP Agent; (d) the DIP Lenders; (e) the Lenders; (f) each Issuing Bank; (g) each DIP Issuing Bank; (h) each Swap Lender (as defined in the Credit Agreement); (i) each Treasury Management Bank (as defined in the Credit Agreement); (j) the Indenture Trustees; (k) the Backstop Parties; (l) the Administrative Agent; (m) the Creditors' Committee and its members (solely in their capacity as such); and (n) with respect to each of the foregoing identified in subsections (a) through (m) herein, each of such entities' respective shareholders, equityholders (regardless of whether such interests are held directly or indirectly) (other than with respect to an equity holder of a Debtor), predecessors, successors, assigns, affiliates, subsidiaries, members, principals, managers, current and former officers, current and former directors, employees, managers, managing members, advisory board members, partners, agents and subagents, attorneys, accountants, financial advisors, investment bankers, restructuring advisors, professionals, consultants, advisors, designees and representatives, each in their capacities as such; *provided*, *however*, that any Holder of a Claim or Equity Interest that opts out of the releases contained in the Plan shall not be a Released Party.

The Plan also provides that (a) each of the Debtors and the Reorganized Debtors; (b) the Creditors' Committee and its members; (c) the Consenting Creditors; (d) the DIP Agent; (e) the DIP Lenders; (f) the Lenders; (g) the Administrative Agent; (h) the Indenture Trustees; (i) the Backstop Parties; (j) all holders of Claims or Equity Interests that vote to accept the Plan or who are deemed to accept the Plan; (k) all holders of Claims or Equity Interests that abstain from voting on the Plan and who do not opt out of the releases provided by the Plan; (l) all holders of Claims or Equity Interests that vote to reject the Plan and who do not opt out of the releases provided by the Plan; and (m) with respect to each of the foregoing parties under (a) through (l), herein, each of such entities' respective shareholders, equityholders (regardless of whether such interests are held directly or indirectly), predecessors, successors, assigns, affiliates, subsidiaries, members, principals, managers, current and former officers, current and former directors, employees, managing members, advisory board members, agents, attorneys, accountants, financial advisors, investment bankers, restructuring advisors, professionals, consultants, advisors, and representatives, each in their capacities as such, will be deemed to have expressly, unconditionally, generally, individually, and collectively released and discharged all Claims and Causes of Action against the Debtors and the Released Parties.

IMPORTANT INFORMATION REGARDING PLAN RELEASES: Each Holder of a Claim or Equity Interest that (a) votes to accept the Plan or is deemed to accept the Plan, (b) abstains from voting on the Plan and who does not opt out of the releases provided by the Plan, or (c) votes to reject the Plan and who does not opt out of the releases provided by the Plan will be deemed to have released and discharged any and all Claims or Equity Interests and Causes of Action against the Debtors and the Released Parties. A Holder of a Claim or Equity Interest in a voting Class who abstains from voting and returns its Ballot may choose to opt out of granting the releases on its Ballot.

For a more detailed description of the releases, see Article IV.W of this Disclosure Statement, entitled "Will there be releases and exculpation granted to parties in interest as part of the Plan?," which begins on page 35.

N. Dissolution of the Creditors' Committee

On the Effective Date, the Creditors' Committee shall dissolve and all members, employees, or agents thereof shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Cases; *provided*, that the Creditors' Committee shall be deemed to remain in existence solely with respect to, and shall not be heard on any issue except applications filed by the Professionals pursuant to section 330 and 331 of the Bankruptcy Code.

IV. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest Holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest Holder of the debtor, and any other Entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all Holders of Claims or Equity Interests whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Equity Interest you hold. Each category of Holders of Claims or Equity Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below.

Class	Claims and Equity Interests	Status	Voting Rights
Class 1	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)

Class 4	Lender Claims	Impaired	Entitled to Vote
Class 5	Second Lien Notes Claims	Impaired	Entitled to Vote
Class 6	Senior Notes Claims	Impaired	Entitled to Vote
Class 7	General Unsecured Claims	Impaired	Entitled to Vote
Class 8	Encana Claims	Impaired	Entitled to Vote
Class 9	Trade Claims	Impaired	Entitled to Vote
Class 10	Intercompany Claims	Unimpaired/ Impaired	Not Entitled to Vote (Deemed to Accept/Reject)
Class 11	Intercompany Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 12	VNR Preferred Units	Impaired	Entitled to Vote
Class 13	VNR Common Units	Impaired	Entitled to Vote
Class 14	Other Existing Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

D. What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recovery to Holders of Claims or Equity Interests under the Plan. Any estimates of Claims and Equity Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND, THEREFORE, ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.[3]

[3] The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed," as well as other factors related to the Debtors' business operations and general economic conditions. As defined in the Plan, "*Allowed*" means with respect to any Claim (including any Administrative claim), or Equity Interest, except as otherwise provided in the Plan: (a) a Claim or Equity Interest in a liquidated amount as to which no objection has been filed prior to the Claims Objection Deadline and that is evidenced by a Proof of Claim, or, if an Administrative Claim, request for payment, as applicable, that has been timely filed by the applicable Bar Date or that is not required to be evidenced by a filed Proof of Claim or request for payment, as applicable, under the Plan, the Bankruptcy Code, or a Final Order; (b) a Claim or Equity Interest that has been listed by a Debtor in its Schedules (as such Schedules may be amended by the Debtors or the Reorganized Debtors from time to time in accordance with Bankruptcy Rule 1009) as liquidated in amount and not disputed, contingent, or unliquidated, and as for which no Proof of Claim has been timely filed in an unliquidated or a different amount; (c) any Claim expressly allowed by a Final Order or under the Plan; or (d) any Claim that is compromised, settled or otherwise resolved pursuant to a Final Order of the Bankruptcy Court; *provided*, *however*, that with respect to a Claim or Equity Interest described in clauses (a) and (b) above, such Claim or Equity Interest shall be considered Allowed only if and to the extent that with respect to such Claim or Equity Interest no objection to the allowance thereof has been or, in the Debtors' or Reorganized Debtors' reasonable good faith judgment, may be interposed within the applicable period of time fixed

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
Class 1	Secured Tax Claims	Unless the Reorganized Debtors and the Holder of an Allowed Secured Tax Claim agree to less favorable treatment (in which event such other agreement will govern, but solely as between such Holder of an Allowed Secured Tax Claim and the Reorganized Debtors), each Holder of an Allowed Secured Tax Claim shall receive, on account of and in full and final satisfaction, settlement, release, and discharge of such Claim and any Liens securing such Claim, in accordance with sections 1129(a)(9)(C) and (D) of the Bankruptcy Code, Cash in the amount of such Allowed Secured Tax Claim: (i) on, or as soon as practicable after, the later of (A) the Effective Date and (b) the date such Secured Tax Claim becomes an Allowed Secured Tax Claim; or (ii) in regular payments in equal installments over a period of time not to exceed five	$0.00	100%

by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Court, or such an objection is so interposed and the Claim or Equity Interest, as applicable, shall have been Allowed by a Final Order; *provided*, *further*, that Claims temporarily allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered Allowed Claims; *provided*, *further*, that any Claim that is disallowed or disputed shall not be Allowed; *provided*, *further*, that an Allowed Claim shall not include any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code or any order of the Bankruptcy Court. Unless otherwise specified in the Plan or by order of the Bankruptcy Court, an Allowed Claim shall not, for any purpose under the Plan, include interest, costs, fees, or charges on such Claim from and after the Petition Date. Except for any Claim that is expressly Allowed herein, any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim has been filed, is not considered an Allowed Claim and shall be deemed expunged and disallowed upon entry of the Confirmation Order without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. For the avoidance of doubt, a Proof of Claim filed after the applicable Bar Date shall not be Allowed for any purpose whatsoever absent entry of a Final Order allowing such late-filed Claim. "Allow" and "Allowing" shall have correlative meanings.

[4] Estimate assumes Effective Date of September 30, 2017.

[5] Estimated based on Plan Value of $1.425 billion.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		(5) years after the Petition Date with interest at a rate determined in accordance with section 511 of the Bankruptcy Code; *provided*, that the first such regular payment shall represent a percentage recovery at least equal to that expected to be received by the most favored Holders of Allowed General Unsecured Claims; *provided further*, that the Reorganized Debtors may prepay the entire amount of the Allowed Secured Tax Claim at any time in its sole discretion. All Allowed Secured Tax Claims that are not due and payable on or before the Effective Date shall be paid by the Reorganized Debtors when such claims become due and payable in the ordinary course of business in accordance with the terms thereof.		
Class 2	Other Secured Claims	Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder shall receive, at the option of the applicable Debtor(s), either: (a) payment in full in Cash; (b) delivery of collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) Reinstatement of such Claim; or (d) other treatment rendering such Claim Unimpaired.	$19.0 million	100%
Class 3	Other Priority Claims	Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed	$15.0 million	100%

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder shall receive, at the option of the applicable Debtor(s), either: (a) payment in full in Cash; or (b) other treatment rendering such Claim Unimpaired		
Class 4	Lender Claims	On the Effective Date, except to the extent that a Holder of an Allowed Lender Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Lender Claim, each such Holder shall receive its Pro Rata share of (x) cash in the amount of the Credit Agreement Interest, plus (y) cash in the amount of its Pro Rata share of the Glasscock Sale Proceeds. In addition, each such Holder shall receive treatment under either Option 1 or Option 2 below. If the Holder elects (or is deemed to elect, upon its execution of the Exit Facility Credit Agreement) Option 1 on its Ballot, it shall also receive its Option 1 Pro Rata Share of: (a) the Lender Paydown, (b) the Exit Revolving Loans, and (c) the Exit Term A Loans. If such Holder elects Option 2 on its Ballot, it shall also receive its Option 2 Pro Rata Share of the Exit Term B Loans. For the avoidance of doubt, a Holder electing Option 2 shall not receive any portion of the Lender Paydown, Exit	$1.249 billion[6]	100%

[6] This amount will include any accrued and unpaid interest through the Effective Date.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		Revolving Loans, or Exit Term A Loans. Rather, each Holder electing Option 2 shall receive only its Option 2 Pro Rata Share of the Exit Term B Loans in a principal amount equal to the Pro Rata distribution it otherwise would have received with respect to the Lender Paydown, Exit Revolving Loans, and Exit Term A Loans. In addition, all Credit Agreement Fees and Expenses shall be paid in full on the Effective Date.		
Class 5	Second Lien Notes Claims	On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Second Lien Notes Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Second Lien Notes Claim, each such Holder shall receive its Pro Rata share of the New Second Lien Notes. Distribution to each Holder of an Allowed Second Lien Notes Claim shall be subject to the rights and the terms of the Second Lien Notes Indenture.	$78.1 million[7]	100%
Class 6	Senior Notes Claims	On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Senior Notes Claim agrees to a less favorable treatment of its Allowed	$443.7 million[8]	12.6%[9]

[7] This amount will include any accrued and unpaid interest through the Effective Date.

[8] This amount includes accrued and unpaid interest through February 1, 2017.

[9] Assumes that the GUC Equity Pool is fully utilized.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Senior Notes Claim, each such Holder shall receive: (a) its Pro Rata share of the Senior Note Claim Distribution; and (b) the opportunity to participate in the 1145 Rights Offering and the Accredited Investor Rights Offering in accordance with the Plan and the Rights Offering Procedures; *provided* that only Accredited Investor Eligible Holders shall be entitled to participate in the Accredited Investor Rights Offering.		
Class 7	General Unsecured Claims	On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, each such Holder shall, at its election, for its entire Allowed General Unsecured Claim, either: (a) receive (i) its Pro Rata share of the GUC Equity Pool and (ii) if such Holder is a GUC Eligible Holder, the opportunity to participate in the GUC Rights Offering	$42 million[10]	9.8%[11]

[10] This amount is subject to change based on, among other things, the ongoing claims reconciliation process and certain risk factors, including, without limitation, the risk factor discussed in Article VIII.C.17 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases," which begins on page 93.

[11] A twelve percent recovery will be realized by General Unsecured Claims that are Allowed and participate in the GUC Cash Pool until such GUC Cash Pool is exhausted. All other Holders of Allowed General Unsecured Claims will receive a distribution in accordance with the terms of the GUC Equity Pool, which equates to a blended recovery of 9.8%.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		in accordance with the terms of the Plan and the GUC Rights Offering Procedures; or (b) participate in the GUC Cash Pool. In the event a Holder participates in the GUC Cash Pool, its Pro Rata share of the GUC Equity Pool and GUC Rights shall be cancelled. If the Holder of an Allowed General Unsecured Claim elects to participate in the GUC Cash Pool, such Holder will receive, following Allowance of its Claim, Cash equal to 12% of the amount of its Allowed General Unsecured Claim; *provided*, that (i) if the GUC Cash Pool has been exhausted, Holders of Allowed General Unsecured Claims will no longer be able to elect to participate in the GUC Cash Pool, and all such Holders will receive the treatment described in Article III.B.7(b)(i) of the Plan; and (ii) *provided further* that the Reorganized Debtors shall retain any Cash left in the GUC Cash Pool following the resolution of all Disputed Claims and the payment of all Cash required by Article III.B.7(c) of the Plan.		
Class 8	Encana Claims	Following the Allowance of the Encana Claims, in full and final satisfaction, settlement, release, and discharge of and in exchange for the Encana Claims, Encana shall receive (a) New Common Stock at the same rate as Holders of	$0[12]	N/A

[12] This amount is subject to change based on, among other things, the ongoing claims reconciliation process and certain risk factors, including, without limitation, the risk factor discussed in Article VIII.C.17 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases," which begins on page 93.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		Allowed General Unsecured Claims and (b) the opportunity to participate in the GUC Rights Offering.		
Class 9	Trade Claims	On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Trade Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Trade Claim, each such Holder shall receive Cash in an amount equal to its Pro Rata share of the Trade Claims Distribution Pool; *provided*, that no Holder of an Allowed Trade Claim shall be entitled to distributions exceeding the amount of its Allowed Trade Claim.	$2.0 million[13]	100%[14]
Class 10	Intercompany Claims	Each Allowed Intercompany Claim shall be, at the option of the Holder of such Intercompany Claim, with the reasonable consent of the Required Consenting Senior Noteholders and the Requisite Commitment Parties, either: (a) Reinstated; (b) compromised, extinguished, or settled; or (c) cancelled and shall receive no distribution on account of such Claims; *provided, however*, that any Intercompany Claim relating to any postpetition payments from any Debtor to another Debtor under any postpetition Intercompany Transfer (as defined in the Cash Management Order) shall be paid in full	N/A	N/A

[13] This amount is subject to change based on the ongoing claims reconciliation process.

[14] To the extent Trade Claims are in excess of $3 million, this recovery percentage would be lower.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		as a General Administrative Claim pursuant to Article II.A of the Plan.		
Class 11	Intercompany Interests	Intercompany Interests shall be Reinstated as of the Effective Date.	N/A	N/A
Class 12	VNR Preferred Units	On the Effective Date, except to the extent that a Holder of VNR Preferred Units agrees to less favorable treatment of its VNR Preferred Units, and subject to the terms of the Restructuring Transactions, all VNR Preferred Units shall be cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and in full and final satisfaction, settlement, release, and discharge of and in exchange for each VNR Preferred Unit, each Holder of VNR Preferred Units shall receive: (a) if Class 6, Class 7, Class 8, Class 9, and Class 12 are each determined to have voted to accept the Plan in accordance with the Bankruptcy Code, such Holder's Pro Rata share of (i) the VNR Preferred Unit Equity Distribution and (ii) VNR Preferred Unit New Warrants; or (b) if Class 6, Class 7, Class 8, Class 9, or Class 12 is determined to have voted to reject the Plan in accordance with the Bankruptcy Code, no distribution; *provided* that each Holder of VNR Preferred Units shall be given the opportunity to elect to waive its recovery, in which case the VNR Preferred Unit Equity Distribution and VNR Preferred Unit New Warrants that	$370.5 million	0.4%[15]

[15] Assumes that the GUC Equity Pool is fully utilized.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
		such Holder would have been entitled to receive shall be cancelled and of no further effect.		
Class 13	VNR Common Units	On the Effective Date, except to the extent that a Holder of VNR Common Units agrees to less favorable treatment of its VNR Common Units, and subject to the terms of the Restructuring Transactions, all VNR Common Units shall be cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and in full and final satisfaction, settlement, release, and discharge of and in exchange for each VNR Common Unit, each Holder of VNR Common Units shall receive: (a) if Class 6, Class 7, Class 8, Class 9, Class 12, and Class 13 are each determined to have voted to accept the Plan in accordance with the Bankruptcy Code, such Holder's Pro Rata share of the VNR Common Unit New Warrants; or (b) if Class 6, Class 7, Class 8, Class 9, Class 12, or Class 13 is determined to have voted to reject the Plan in accordance with the Bankruptcy Code, no distribution; *provided* that each Holder of VNR Common Units shall be given the opportunity to elect to waive its recovery, in which case the VNR Common Unit New Warrants that such Holder would have been entitled to receive shall be cancelled and of no further effect.	N/A	N/A
Class 14	Other Existing Equity	On the Effective Date, each Other Existing Equity Interest shall be cancelled and of no further force and	N/A	N/A

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims[4]**	**Projected Recovery Under the Plan[5]**
	Interests	effect, and the Holders thereof shall not receive or retain any distribution on account of their Other Existing Equity Interests.		

E. What will I receive from the Debtors if I hold an Allowed Administrative Claim, DIP Facility Claim, or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Equity Interests set forth in Article III of the Plan.

1. Administrative Claims

Administrative Claims will be satisfied as set forth in Article II.A of the Plan, as summarized herein. Except as specified in Article II of the Plan, unless the Holder of an Allowed General Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, agree to less favorable treatment, each Holder of an Allowed General Administrative Claim will receive, in full satisfaction of its General Administrative Claim, Cash equal to the amount of such Allowed General Administrative Claim either: (a) on the Effective Date; (b) if the General Administrative Claim is not Allowed as of the Effective Date, 60 days after the date on which an order allowing such General Administrative Claim becomes a Final Order, or as soon thereafter as reasonably practicable; or (c) if the Allowed General Administrative Claim is based on a liability incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction or agreement giving rise to such Allowed General Administrative Claim, without any further action by the Holders of such Allowed General Administrative Claim, and without any further notice to or action, order, or approval of the Bankruptcy Court. Notwithstanding the foregoing, no request for payment of a General Administrative Claim need be filed with respect to a General Administrative Claim previously Allowed by Final Order.

Except for Claims of Professionals, requests for payment of General Administrative Claims that were not accrued in the ordinary course of business must be filed and served on the Debtors or the Reorganized Debtors, as applicable, no later than the Administrative Claims Bar Date applicable to the Debtor against whom the General Administrative Claim is asserted pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date. Holders of General Administrative Claims that are required to file and serve a request for payment of such General Administrative Claims by the Administrative Claims Bar Date that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such General Administrative Claims against the Debtors,

the Reorganized Debtors, or their respective property, and such General Administrative Claims shall be deemed forever discharged and released as of the Effective Date. Any requests for payment of General Administrative Claims that are not properly filed and served by the Administrative Claims Bar Date shall not appear on the Claims Register and shall be disallowed automatically without the need for further action by the Debtors or the Reorganized Debtors or further order of the Bankruptcy Court.

The Reorganized Debtors, in their sole and absolute discretion, may settle General Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. The Reorganized Debtors may also choose to object to any Administrative Claim no later than 60 days from the Administrative Claims Bar Date, subject to extensions by the Bankruptcy Court, agreement in writing of the parties, or on motion of a party in interest approved by the Bankruptcy Court. Unless the Debtors or the Reorganized Debtors (or other party with standing) object to a timely filed and properly served Administrative Claim, such Administrative Claim will be deemed Allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Administrative Claim should be allowed and, if so, in what amount.

2. Adequate Protection Claims

The Administrative Agent and the Lenders will receive the treatment provided for Allowed Lender Claims in **Error! Reference source not found.** of the Plan, in full and complete satisfaction of the First Lien Adequate Protection Claims held by the Lenders.

The Second Lien Notes Trustee and the Holders of the Second Lien Notes will receive the treatment provided for in **Error! Reference source not found.** of the Plan, in full and complete satisfaction of the Second Lien Adequate Protection Claims held by the Second Lien Notes Trustee and the Holders of the Second Lien Notes.

3. DIP Facility Claims

DIP Facility Claims will be satisfied as set forth in Article II.B of the Plan, as summarized herein. Subject to the terms, conditions, and priorities set forth in the DIP Orders, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim shall be paid in full in Cash by the Debtors on the Effective Date in an amount equal to the Allowed amount of such DIP Facility Claim, and all commitments to make Loans and/or advances under the DIP Facility shall terminate and all Loan Documents (as defined therein) shall terminate and be of no further force or effect. Upon the indefeasible payment or satisfaction in full in Cash of the DIP Facility Claims (other than any DIP Facility Claims based on the Debtors' contingent obligations under the DIP Facility for which no claim has been made) in accordance with the terms of the Plan, on the Effective Date, all Liens granted to secure such obligations shall be terminated and of no further force or effect.

4. Priority Tax Claims

Priority Tax Claims will be satisfied as set forth in Article II.C of the Plan, as summarized herein. Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code and, for the avoidance of doubt, Holders of Allowed Priority Tax Claims will receive interest on such Allowed Priority Tax Claims after the Effective Date in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code.

F. How do I know if I hold a Trade Claim or a General Unsecured Claim, and what does it mean for my Claim if I do?

A "General Unsecured Claim" is any Unsecured Claim (*i.e.*, any Claim that is not Secured by a Lien on property in which one of the Debtors' Estates has an interest), excluding any Administrative Claims, DIP Facility Claims, Professional Fee Claims, Priority Tax Claims, Other Secured Claims, Other Priority Claims, Lender Claims, Second Lien Notes Claims, Senior Notes Claims, Trade Claims, Intercompany Claims, a claim under section 510(b) of the Bankruptcy Code, or a claim that may be asserted relating to any Equity Interest.

Under the Plan, Holders of Allowed General Unsecured Claims will either: (a) receive (i) their Pro Rata share of the GUC Equity Pool and (ii) if such Holder is a GUC Eligible Holder, the opportunity to participate in the GUC Rights Offering in accordance with the terms of the Plan and the GUC Rights Offering Procedures; or (b) participate in the GUC Cash Pool. In the event a Holder participates in the GUC Cash Pool, its Pro Rata share of the GUC Equity Pool and GUC Rights shall be cancelled. If the Holder of an Allowed General Unsecured Claim elects to participate in the GUC Cash Pool, such Holder will receive, following Allowance of its Claim, Cash equal to 12% of the amount of its Allowed General Unsecured Claim; *provided*, that (i) if the GUC Cash Pool has been exhausted, Holders of Allowed General Unsecured Claims will no longer be able to elect to participate in the GUC Cash Pool, and all such Holders will receive the treatment described in Article III.B.7(b)(i) of the Plan; and (ii) *provided further* that the Reorganized Debtors shall retain any Cash left in the GUC Cash Pool following the resolution of all Disputed Claims and the payment of all Cash required by Article III.B.7(c) of the Plan.

A "Trade Claim" is any Allowed Claim held by a Trade Creditor against the Debtors; *provided*, that Trade Claims shall not include Administrative Claims or any Claim of a Trade Creditor that is otherwise paid in full pursuant to an order of the Bankruptcy Court. A "Trade Creditor" is a trade creditor or vendor who has entered into an agreement with the Debtors to have an ongoing business relationship with the Debtors as of and after the Effective Date. Under the Plan, Holders of Allowed Trade Claims will receive Cash in an amount equal to their Pro Rata share of the Trade Claims Distribution Pool; *provided*, that no holder of an Allowed Trade Claim shall be entitled to distributions exceeding the amount of its Allowed Trade Claim. The Trade Claims Distribution Pool will equal $3 million to be used for Cash payments on account of Trade Claims in accordance with the Plan.

G. Are there any regulatory approvals required to consummate the Plan?

No. There are no known regulatory approvals that are required to consummate the Plan. However, to the extent such any such regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, it is a condition precedent to the Effective Date that they be obtained.

H. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative may provide Holders of Claims or Equity Interests with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, see Article XI.B of this Disclosure Statement, entitled "Best Interests of Creditors/Liquidation Analysis," which begins on page 105, and the Liquidation Analysis attached hereto as **Exhibit F** to this Disclosure Statement.

I. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation"?

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. *See* Article 0 of this Disclosure Statement, entitled "CONFIRMATION OF THE PLAN," which begins on page 100, for a discussion of the conditions precedent to Consummation of the Plan.

In general, and unless otherwise provided in the Plan, each Holder of an Allowed Claim or Equity Interest (or such Holder's affiliate) shall receive the full amount of the distributions provided by the Plan for Allowed Claims or Equity Interests in each applicable Class on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter (or, if a Claim or Equity Interest is not an Allowed Claim or Equity Interest on the Effective Date, on the date that such Claim or Equity Interest becomes Allowed or as soon as reasonably practicable thereafter).

More detail regarding Plan distributions is set forth in Article VI of the Plan.

J. What are the sources of Cash and other consideration required to fund the Plan?

The Reorganized Debtors shall fund distributions under the Plan, subject to the terms of the Plan, as applicable, with: (a) the Exit Facility; (b) the Cash proceeds from the Term Loan Purchase; (c) any encumbered and unencumbered Cash on hand, including Cash from operations or asset dispositions, of the Debtors; (d) the Glasscock Sale Proceeds; (e) the Cash proceeds from the sale of the New Common Stock pursuant to the Rights Offering and GUC Rights Offering;

(f) the Cash proceeds from the Second Lien Investment; (g) the Second Lien Notes; (h) the New Common Stock; and (i) the New Warrants.

K. Are there risks to owning the New Common Stock upon emergence from chapter 11?

Yes. *See* Article 0 of this Disclosure Statement, entitled "RISK FACTORS," which begins on page 73. The Debtors and Reorganized VNR Finance will use commercially reasonable efforts to cause the New Common Stock to become publicly traded and listed on a national securities exchange on or as soon as reasonably practicable after the Effective Date

L. Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan as well, which objections potentially could give rise to litigation. *See* Article VIII.C.17 of this Disclosure Statement, entitled "The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases," which begins on page 93.

In the event that it becomes necessary to confirm the Plan over the objection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such objecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article VIII.A.4 of this Disclosure Statement, entitled "The Debtors May Not Be Able to Secure Confirmation of the Plan," which begins on page 73.

M. Will Royalty and Working Interests be affected by the Plan?

Notwithstanding any other provision in the Plan, on and after the Effective Date, all Royalty and Working Interests shall be preserved and remain in full force and effect in accordance with the terms of the granting instruments or other governing documents applicable to such Royalty and Working Interests, and no Royalty and Working Interests shall be compromised or discharged by the Plan. Although these interests will not be compromised or discharged, the Debtors contend that the Plan may treat any right to payment from the Debtors or claim against the Debtors that arose prior to the Petition Date in connection with a Royalty and Working Interest as a General Unsecured Claim. As discussed in greater detail in Article VII.C.3, entitled "Oil and Gas Obligations Motion," which begins on page 62, the Debtors believe that substantially all such Claims have either been paid or are subject to offset or recoupment by the Debtors to satisfy obligations Royalty and Working Interest holders owe the Debtors.

Numerous Holders of Royalty and Working Interests have filed Proofs of Claim in the Chapter 11 Cases. The Debtors intend to resolve those Claims pursuant to the claims reconciliation process and to continue making payments on account of Royalty and Working Interests in the ordinary course.

N. What is the New Management Incentive Plan and how will it affect the distribution I receive under the Plan?

As is typical for many of the Debtors' peer companies, to be a competitive employer and to maximize the value of the Debtors' estates, the Debtors have requested access to a pool of New Common Stock that the New Board can use to attract, incentivize, and retain talented key employees (including officers) after the Effective Date. Accordingly, the New Management Incentive Plan provides that up to 10% of the New Common Stock may be used for such purposes pursuant to the New Management Incentive Plan. After the Effective Date, the New Board will determine the allocation, timing, and structure of the issuance of the New Common Stock under the New Management Incentive Plan, if any. However, as the New Board has not been appointed, no determination has been made at this time regarding whether or to what extent any of the New Common Stock will actually be issued for this purpose (and on what terms). Thus, the only aspect of the New Management Incentive Plan established under the Plan is an uncommitted ceiling of 10% of the New Common Stock that may (or may not) be distributed in connection therewith after the Effective Date. *See* Article III.I of this Disclosure Statement, entitled "New Management Incentive Plan," which begins on page 9. The Description of the New Management Incentive Plan is attached hereto as **Exhibit L**.

To be clear, the Plan does not require that the New Board make any distributions pursuant to the New Management Incentive Plan. But, the Plan ensures that the New Board will have the discretion to do so. The Debtors submit that a reservation of 10% of common stock under a management incentive plan is consistent with other compensation plans in the Debtors' industry and other compensation plans approved in this district.

O. Will the final amount of Allowed General Unsecured Claims affect the recovery of Holders of Allowed General Unsecured Claims under the Plan?

The Debtors estimate that the amount of Allowed General Unsecured Claims could be approximately $42 million. This estimate, and the corresponding potential recoveries of Holders of such Claims, depends on a number of contingencies, including, among others: (a) the determination to be made by the Debtors regarding the assumption and rejection of Executory Contracts and Unexpired Leases; (b) the amount of Claims from the rejection of Executory Contracts and Unexpired Leases; (c) the amount of Claims filed by Governmental Units; (d) Claims arising from litigation against the Debtors; and (e) the Claims reconciliation process.

The estimate provided above does not include any Claim for rejection damages that may be asserted by Encana Oil & Gas (USA) Ins. ("Encana") in connection with the Debtors' rejection of that certain Midland Basin Prospect Drilling and Development Agreement, effective as of May 9, 2014, between Vanguard Operating, LLC ("Vanguard Operating") and Encana (the "Encana Agreement"). Although Encana has taken the position that it has a property interest in certain assets of the Debtors located in Glasscock and Andrews Counties, Texas, rather than a Claim, the Bankruptcy Court has authorized the Debtors to reject the Encana Agreement by order, dated April 5, 2017 [Docket No. 514]. The Bankruptcy Court has not yet fixed a date by which Encana must file a Proof of Claim for rejection damages. In the event that Encana does file a Proof of Claim for rejection damages, the amount of that claim could be material. The

ongoing dispute between the Debtors and Encana is described in further detail in Article VII.J of this Disclosure Statement, entitled "Encana Litigation," which begins on page 69.

Although the estimate of Allowed General Unsecured Claims is the result of the Debtors' and their advisors' careful analysis of available information, General Unsecured Claims actually asserted against the Debtors may be higher or lower than the Debtors' estimate provided herein, which difference could be material. Moreover, the Debtors are rejecting and in the future may reject certain Executory Contracts and Unexpired Leases, which may result in additional rejection damages Claims not accounted for in this estimate. Indeed, the Debtors estimate that, in the event the Debtors reject a number of contracts they have not yet decided to reject, and are unsuccessful in reducing the rejection damage claims of any such contract counterparties, the amount of Allowed General Unsecured Claims could increase. Further, the Debtors may object to certain Proofs of Claim, and any such objections ultimately could cause the total amount of Allowed General Unsecured Claims to change. These changes could affect recoveries to Holders of Claims in Class 6, and such changes could be material.

P. What will happen to Executory Contracts and Unexpired Leases under the Plan?

As set forth more fully in Article V of the Plan, on the Effective Date, except as otherwise provided in the Plan, all Executory Contracts or Unexpired Leases of the Debtors, not previously assumed or rejected pursuant to an order of the Bankruptcy Court, will be deemed to be Assumed Executory Contracts or Unexpired Leases, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (a) previously were assumed or rejected by the Debtors; (b) are identified on the Rejected Executory Contract and Unexpired Lease List; (c) are the subject of a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (d) are subject to a motion to reject an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such rejection is after the Effective Date; *provided*, *however*, that any Executory Contracts (including, without limitation, indemnification obligations) that could give rise to any tax related liability for the Reorganized Debtors (including any obligations to pay taxes to any other Person) shall be deemed rejected as of the Effective Date, unless otherwise agreed to by the Required Consenting Senior Note Holders, the Requisite Commitment Parties, and the Required Consenting RBL Lenders; *provided*, *further*, *however*, that in the event the Debtors seek to assume any existing employment agreements or other severance arrangements with management or any existing management incentive programs, the Debtors shall expressly list such agreements, arrangements, or programs on the Assumed Executory Contract and Unexpired Lease List (in each case, with the consent of the Required Consenting Senior Note Holders and the Requisite Commitment Parties, and in good-faith consultation with the Required Consenting RBL Lenders and the Creditors' Committee), and to the extent such agreements, arrangements, or programs are not expressly listed, they shall be deemed rejected as of the Effective Date.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a court order approving the assumptions, assumptions and assignments, or rejections of the Executory Contracts or Unexpired Leases as set forth in the Plan, the Rejected Executory Contract and Unexpired Lease List, or the Assumed Executory Contract and Unexpired Lease List pursuant to

sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to Article V.A of the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party before the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, shall have the right to alter, amend, modify, or supplement the Rejected Executory Contract and Unexpired Lease List and the Assumed Executory Contract and Unexpired Lease List at any time through and including 45 days after the Effective Date.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed within 30 days after the later of: (a) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; and (b) the effective date of such rejection. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims against the applicable Debtor and shall be treated in accordance with the Plan, unless a different security or priority is otherwise asserted in such Proof of Claim and Allowed in accordance with Article VII of the Plan.

Any monetary defaults under each Assumed Executory Contract or Unexpired Lease shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, or as soon as reasonably practicable thereafter, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

At least 14 days before the Confirmation Hearing, the Debtors will provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed

assumption or related cure amount must be filed, served, and actually received by the Debtors at least 7 days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have consented to such assumption or proposed cure amount.

If the Bankruptcy Court determines that the Allowed Cure Claim with respect to any Executory Contract or Unexpired Lease is greater than the amount set forth in the applicable Cure Notice, the Debtors or Reorganized Debtors, as applicable, may add such Executory Contract or Unexpired Lease to the Schedule of Rejected Executory Contracts and Unexpired Leases, in which case such Executory Contract or Unexpired Lease will be deemed rejected as the Effective Date.

Assumption of any Executory Contract or Unexpired Lease shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any Assumed Executory Contract or Unexpired Lease at any time before the effective date of assumption. **Any Proofs of Claim filed with respect to an Assumed Executory Contract or Unexpired Lease shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court**.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed by the Executory Contract or Unexpired Lease counterparty or counterparties to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases.

Contracts and leases entered into after the Petition Date by any Debtor, including any Assumed Executory Contracts or Unexpired Leases, will be performed by the applicable Debtor or the applicable Reorganized Debtor liable thereunder in the ordinary course of their business. Accordingly, any such contracts and leases (including any Assumed Executory Contracts or Unexpired Leases) that have not been rejected as of the date of the Confirmation Date shall survive and remain unaffected by entry of the Confirmation Order.

Q. How will Claims asserted with respect to rejection damages affect my recovery under the Plan?

In the event that the Debtors reject a number of contracts and leases they have not yet decided to reject, and are unsuccessful in reducing the rejection damage claims of any such lease counterparties, that amount could increase. If the amount of rejection damages Claims changes, the value of recoveries to Holders of Claims in Class 7 and Class 8 could change as well, and such changes could be material. In addition, as previously noted, Encana may file a Proof of Claim for rejection damages that could be material. For more information about how recoveries could be impacted, see Article IV.O of this Disclosure Statement, entitled "Will the final amount of Allowed General Unsecured Claims affect the recovery of Holders of Allowed General Unsecured Claims under the Plan?," which begins on page 29.

R. How will Governmental Claims affect my recovery under the Plan?

The Debtors estimate that there will be a de minimis amount of Claims by Governmental Units ("Governmental Claims") not covered by their First Day Motions, if any. Depending on the actual amount of General Unsecured Claims from Governmental Units, the value of recoveries to Holders of Claims in Class 7 and Class 8 could change as well, and such changes could be material. For more information about how recoveries could be impacted, see Article IV.O of this Disclosure Statement, entitled "Will the final amount of Allowed General Unsecured Claims affect the recovery of Holders of Allowed General Unsecured Claims under the Plan?," which begins on page 29.

S. How will the resolution of certain contingent, unliquidated, and disputed litigation Claims affect my recovery under the Plan?

As of the Petition Date, the Debtors were parties to certain litigation matters that arose in the ordinary course of operating their businesses and could become parties to additional litigation in the future as a result of conduct that occurred prior to the Petition Date. Although the Debtors have disputed, are disputing, or will dispute in the future the amounts asserted by such litigation counterparties, to the extent these parties are ultimately entitled to a higher amount than is reflected in the amounts estimated by the Debtors herein, the value of recoveries to Holders of Claims in Class 7 and Class 8 could change as well, and such changes could be material.

T. What happens to contingent, unliquidated, and disputed Claims under the Plan?

As set forth in more detail in Article VII of the Plan, except as otherwise specifically provided in the Plan, after the Effective Date, the applicable Reorganized Debtor(s) shall have the sole authority to: (a) file, withdraw, or litigate to judgment, objections to Claims; (b) settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; *provided* that with respect to an Encana Claim, the Reorganized Debtors may only settle or compromise such Claim with the approval of the Bankruptcy Court; and (c) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court; *provided* that the Debtors shall consult with the Required Consenting Senior Noteholders, the Creditors' Committee, and the Required Consenting RBL Lenders regarding their proposed claim reconciliation process and the Reorganized Debtors shall diligently and in good faith pursue such process.

The Reorganized Debtors shall file any and all claims objections with respect to General Unsecured Claims no later than 180 days after the Effective Date.

In addition, before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim,

including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision to the contrary in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the Claims and objection, estimation, and resolution procedures in the Plan are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

If an objection to a Claim or portion thereof is filed as set forth in Article VII.A and VII.B of the Plan, no payment or distribution provided under the Plan shall be made on account of such Disputed Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

U. How will the preservation of the Causes of Action impact my recovery under the Plan?

The Plan provides for the retention of all Causes of Action other than those that are expressly waived, relinquished, exculpated, released, compromised, or settled.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain (or shall receive from the Debtors) and may enforce all rights to commence and pursue any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than: the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII of the Plan, which shall be deemed released and waived by the Debtors and the Reorganized Debtors as of the Effective Date; *provided*, *further*, that in no event shall any Cause of Action against the Lenders be preserved to the extent provided in the release, exculpation, injunction provisions set forth in Article VIII of the Plan.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as

otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in, or according to the terms of, the Plan, including pursuant to Article VIII of the Plan, or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of Confirmation or Consummation.

The Reorganized Debtors reserve (or receive) and shall retain the Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

V. Are the Debtors assuming any indemnification obligations for their current officers and directors under the Plan?

The Debtors will treat their Indemnification Obligations and their prepetition D&O Liability Insurance Policies, if any, in accordance with the lists of Executory Contracts and Unexpired Leases that will be filed with the Plan Supplement.

W. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes. The Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts, and were an essential element of the negotiations between the Debtors and the Consenting Creditors in obtaining their support for the Plan pursuant to the terms of the RSA. All of the Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize and preserve the going-concern value of the Debtors for the benefit of all parties in interest. These contributions include, without limitation, capital and financing contributions in the form of the Second Lien Investment, the backstop of the Rights Offerings, the $975 million Exit Facility, and the $31.25 million Term Loan Purchase. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

IMPORTANT INFORMATION REGARDING PLAN RELEASES: Each Holder of a Claim or Equity Interest that (a) votes to accept the Plan or is deemed to accept the Plan, (b) abstains from voting on the Plan and who does not opt out of the releases provided by the Plan, or (c) votes to reject the Plan and who does not opt out of the releases provided by the Plan will be deemed to have released and discharged any and all Claims or

Equity Interests and Causes of Action against the Debtors and the Released Parties. A Holder of a Claim or Equity Interest in a voting Class who abstains from voting and returns its Ballot may choose to opt out of granting the releases on its Ballot. As stated above, the releases represent an integral element of the Plan.

Some parties have raised certain objections to the third-party releases in the Plan. The Debtors believe that the thrust of these objections are not appropriate for resolution at a disclosure statement stage because they do not concern the adequacy of disclosures, and they should be deferred to the Confirmation Hearing. Holders of Claims or Equity Interests in Classes that are deemed to reject the Plan and Holders of Claims or Equity Interests that (a) vote to reject the Plan or abstain from voting on the Plan, (b) opt out of the Plan releases on their Ballots, and (c) timely submit their Ballot to the Solicitation Agent will not be bound by the Plan releases.

Further, additional disclosures have been made to specify some of the contributions that the Released Parties will have made pursuant to the Plan. Moreover, even if the Bankruptcy Court were to address the propriety of the release and exculpation provisions now, the Debtors maintain that they satisfy Fifth Circuit law and are consistent with other plan provisions approved in this district. The Debtors will address these objections in more detail in the *Debtors' Omnibus Reply to Objections to Disclosure Statement Motion*, which will be filed before the Disclosure Statement hearing.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Fifth Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for, and propriety of, the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are provided below.

1. Release of Liens (Article VIII.D of the Plan)

Except as otherwise specifically 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 a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B.2 of the Plan, 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 Reorganized Debtors and their successors and assigns, in each case, without any further approval or order of the Bankruptcy Court and without any action or filing being required to be made by the Debtors; *provided*, that Article VIII.D of the Plan shall not apply to the Lender Claims to the extent specifically provided for in the Exit Facility or the Second Lien Notes Claims to the extent specifically provided for in the New Second Lien Notes Documents.

2. Releases by the Debtors (Article VIII.E of the Plan)

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed expressly, unconditionally, generally, and individually and collectively, acquitted, released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all claims and Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates 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 Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), Reorganized VNR (including the formation thereof), Reorganized VNR Finance (including the formation thereof), the Debtors' in- or out-of-court restructuring efforts, intercompany transactions (including dividends and management fees paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the formulation, preparation, dissemination, negotiation, or consummation of the RSA, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or any Restructuring Transaction, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or the Chapter 11 Cases, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, except as expressly provided under the Plan, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (b) any individual from any claim related to an act or omission that is determined in a Final Order by a court competent jurisdiction to have constituted actual fraud, gross negligence, or willful misconduct. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in Article VIII.E of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the release set forth in Article VIII.E of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Debtor Release; (3) in the best interests of the Debtors and all holders of Claims or Equity Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a

bar to any of the Debtors, the Reorganized Debtors, or the Debtors' Estates asserting any claim or Cause of Action released pursuant to the release set forth in Article VIII.E of the Plan.

3. Releases by Holders of Claims or Equity Interests (Article VIII.F of the Plan)

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Claims and causes of action, including Claims and causes of action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), Reorganized VNR (including the formation thereof), Reorganized VNR Finance (including the formation thereof), the Debtors' in- or out-of-court restructuring efforts, intercompany transactions including dividends and management fees paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the formulation, preparation, dissemination, negotiation, or consummation of the RSA, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or any Restructuring Transaction, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or the Chapter 11 Cases, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, except as expressly provided under the Plan, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan and (b) any individual from any claim related to an act or omission that is determined in a Final Order by a court competent jurisdiction to have constituted actual fraud, gross negligence, or willful misconduct.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article VIII.F of the Plan, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that each release described in Article VIII.F of the Plan is: (1) consensual; (2) essential to the confirmation of the Plan;

(3) given in exchange for the good and valuable consideration provided by the Released Parties; (4) a good faith settlement and compromise of such Claims; (5) in the best interests of the Debtors and their Estates; (6) fair, equitable, and reasonable; (7) given and made after due notice and opportunity for hearing; and (8) a bar to any of the Releasing Parties asserting any Claim or cause of action released pursuant to Article VIII.F of the Plan.

4. Exculpation (Article VIII.G of the Plan)

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby released and exculpated from, any cause of action or any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or termination of the RSA, and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring Transaction, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, 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 or in connection with the Plan and the Restructuring Transactions. The Exculpated Parties have, and upon completion of the Plan shall be found to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

5. Injunction (Article VIII.H of the Plan)

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Equity Interests that have been released pursuant to Article VIII.E or Article VIII.F of the Plan, shall be discharged pursuant to Article VIII.A of the Plan, or are subject to exculpation pursuant to Article VIII.G of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Released Parties: (a) 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 Equity

Interests; (b) 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 Equity Interests; (c) creating, perfecting, or enforcing any lien or encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests unless such Entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Equity Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) 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 Equity Interests released or settled pursuant to the Plan.

6. SEC Rights Reserved

Notwithstanding any provision in the Plan to the contrary or an abstention from voting on the Plan, no provision of the Plan, or any order confirming the Plan: (a) releases any non-debtor person or entity from any claim or cause of action of the SEC; (b) enjoins, limits, impairs, or delays the SEC from commencing or continuing any claims, causes of action, proceedings, or investigations against any non-debtor person or entity in any forum; or (c) precludes the SEC from commencing or continuing any investigation or taking any action pursuant to its police or regulatory function against the Debtors or Reorganized Debtors to the extent permitted under sections 362(b)(4), 524, and 1141 of the Bankruptcy Code.

For more detail, see Article VIII of the Plan, entitled "Settlement, Release, Injunction, and Related Provisions," which is incorporated herein by reference.

X. What impact does the Claims Bar Date or Administrative Claims Bar Date have on my Claim?

The Bankruptcy Code allows a bankruptcy court to fix the time within which proofs of claim must be filed in a chapter 11 case.

1. Claims Bar Date

The Bankruptcy Court has established April 30, 2017, as the deadline for all non-governmental entities to file Proofs of Claim in the Chapter 11 Cases (the "Claims Bar Date").

Except for Holders of Governmental Claims and Holders of Administrative Claims that have not accrued in the ordinary course of the Debtors' businesses, the following entities holding Claims against the Debtors that arose (or that are deemed to have arisen) prior to the Petition Date were required to Proofs of Claim on or before the Claims Bar Date: (a) any Entity whose Claim against a Debtor is not listed in the applicable Debtor's Schedules or is listed in the applicable Debtor's Schedules as contingent, unliquidated, or disputed if such Entity desires to

participate in any of the Chapter 11 Cases or share in any distribution in any of the Chapter 11 Cases; (b) any Entity that believes its Claim is improperly classified in the Schedules or is listed in an incorrect amount and desires to have its Claim allowed in a different classification or amount from that identified in the Schedules; (c) any Entity that believes its Claim as listed in the Schedules is not an obligation of the specific Debtor against which the Claim is listed and that desires to have its Claim allowed against a Debtor other than that identified in the Schedules; and (d) any Entity that believes its Claim against a Debtor, is or may be, an administrative expense pursuant to section 503(b)(9) of the Bankruptcy Code (but not any entity that believes it holds an administrative expense Claim under section 503(b)(1) of the Bankruptcy Code).[16]

In accordance with Bankruptcy Rule 3003(c)(2), if any person or Entity that was required, but failed, to file a Proof of Claim on or before the Claims Bar Date, except in the case of certain exceptions explicitly set forth herein or by further order of the Bankruptcy Court, such person or Entity is: (a) barred from asserting such Claims against the Debtors in the Chapter 11 Cases; (b) precluded from voting on any plans of reorganization filed in the Chapter 11 Cases; and (c) precluded from receiving distributions from the Debtors on account of such Claims in the Chapter 11 Cases. Notwithstanding the foregoing, a Holder of a Claim shall be able to assert, vote upon, and receive distributions under the Plan, or any other plan of reorganization or liquidation in the Chapter 11 Cases, to the extent, and in such amount, as any undisputed, non-contingent, and liquidated Claims identified in the Schedules on behalf of such Claim Holder

2. Administrative Claims Bar Date

The deadline for filing Requests for payment of Administrative Claims other than those that accrued in the ordinary course of the Debtors' business is (a) 30 days after the Effective Date with respect to General Administrative Claims and (b) 60 days after the Effective Date with respect to Professional Fee Claims (the "Administrative Claims Bar Date").

Except for Claims of Professionals, requests for payment of General Administrative Claims that were not accrued in the ordinary course of business must be filed and served on the Debtors or the Reorganized Debtors, as applicable, no later than the Administrative Claims Bar Date applicable to the Debtor against whom the General Administrative Claim is asserted pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date. Holders of General Administrative Claims that are required to file and serve a request for

[16] In accordance with the DIP Orders, the Administrative Agent, on behalf of the Lenders, and the Second Lien Notes Trustee, on behalf of the Second Lien Noteholders, are not required to file Proofs of Claim in the Chapter 11 Cases or any successor case for any Claim. Notwithstanding any court order to the contrary in the Chapter 11 Cases or any successor case, the Administrative Agent, on behalf of the Lenders, and the Second Lien Notes Trustee, on behalf of the Second Lien Noteholders, are each authorized (but not required) in their sole discretion to file a Master Proof of Claim (as defined in the DIP Orders) against the Debtors on account of their prepetition Claims arising under the First Lien Loan Documents (as defined in the DIP Orders) and the Second Lien Notes Documents (as defined in the DIP Orders) as applicable, and the Administrative Agent and the Second Lien Notes Trustee shall not be required to file a verified statement pursuant to Bankruptcy Rule 2019. In addition, by order dated April 18, 2017, the Bankruptcy Court authorized the Second Lien Notes Trustee and the Senior Notes Trustees (each, an "Indenture Trustee") to each file a single consolidated proof of claim asserting all Claims against each of the Debtors, *provided*, *however*, each such proof of claim shall: (a) separately identify each Claim that the Indenture Trustee holds against each respective Debtor; and (b) set forth the basis for and dollar amounts of each Claim the Indenture Trustee holds against each respective Debtor.

payment of such General Administrative Claims by the Administrative Claims Bar Date that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such General Administrative Claims against the Debtors, the Reorganized Debtors, or their respective property and such General Administrative Claims shall be deemed forever discharged and released as of the Effective Date. Any requests for payment of General Administrative Claims that are not properly filed and served by the Administrative Claims Bar Date shall not appear on the Claims Register and shall be disallowed automatically without the need for further action by the Debtors or the Reorganized Debtors or further order of the Bankruptcy Court.

The Reorganized Debtors, in their sole and absolute discretion, may settle General Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. The Reorganized Debtors may also choose to object to any Administrative Claim no later than 60 days from the Administrative Claims Bar Date, subject to extensions by the Bankruptcy Court, agreement in writing of the parties, or on motion of a party in interest approved by the Bankruptcy Court. Unless the Debtors or the Reorganized Debtors (or other party with standing) object to a timely filed and properly served Administrative Claim, such Administrative Claim will be deemed Allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Administrative Claim should be allowed and, if so, in what amount.

3. Governmental Claims

Governmental Units that are Holders of Claims must file Proofs of Claim with regard to such Claims by July 31, 2017.

4. Allowance and Dispute by Debtors or Reorganized Debtors

Except as otherwise provided in the Plan, no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such claim.

5. Distributions

As described in this Disclosure Statement, the distribution you receive on account of your Claim or Equity Interest (if any) may depend, in part, on the amount of Claims and Equity Interests for which Proofs of Claim are filed on or before the applicable Bar Date.

Y. What is the deadline to vote on the Plan?

The Voting Deadline is [•], 2017, at 4:00 p.m. (prevailing Central Time).

Z. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the Ballots distributed to Holders of Claims or Equity Interests that are entitled to vote on the Plan. For your

vote to be counted, your Ballot must be completed and signed so that it is **actually received** by [•], 2017, at 4:00 p.m. (prevailing Central Time) at the following address: Vanguard Natural Resources, LLC Ballot Processing, c/o Prime Clerk LLC, 830 3rd Avenue, 3rd Floor, New York, NY 10022. Ballots may not be transmitted by facsimile, email, or other electronic means, except for certain Voting Classes, through a customized online balloting portal on the Debtors' case website maintained by the Solicitation Agent, as further detailed in Article IX of this Disclosure Statement, entitled "SOLICITATION AND VOTING PROCEDURES," which begins on page 95.

AA. How does a Holder of an Allowed Senior Notes Claim exercise its rights to participate in the 1145 Rights Offering and the Accredited Investor Rights Offering as set forth in the Rights Offering Procedures (the "Rights")?[17]

As part of the Disclosure Statement Order, the Bankruptcy Court has approved the 1145 Rights Offering and the Accredited Investor Rights Offering. Any Holder (an "Eligible Claim Holder") of an Allowed Senior Notes Claim (an "Eligible Claim") may participate in the 1145 Rights Offering. For more details on the 1145 Rights Offering, please see the 1145 Rights Offering Procedures, and the corresponding subscription forms, which are attached hereto as **Exhibit C-1**. Eligible Claim Holders who are Accredited Investor Eligible Holders may also participate in the Accredited Investor Rights Offering. For more details on the Accredited Investor Rights Offering, please see the Accredited Investor Rights Offering Procedures, and the corresponding subscription forms, which are attached hereto as **Exhibit C-2**. For the avoidance of doubt, Eligible Holders who are not Accredited Investor Eligible Holders may only participate in the 1145 Rights Offering.

Detailed instructions regarding the exercise of Rights, which are contained in the Rights Offering Procedures, will be distributed to each Eligible Claim Holder contemporaneously with distribution of ballots for voting on the Plan. Any Eligible Claim Holder seeking to participate in the 1145 Rights Offering and Accredited Investor Rights Offering (to the extent such Eligible Claim Holder is an Accredited Investor Eligible Holder) must return a duly completed and executed 1145 Beneficial Holder Subscription Form(s) and Accredited Investor Beneficial Holder Subscription Form(s) (in each case with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Rights Offering Subscription Agent so that such documents are actually received by the Rights Offering Subscription Agent by no later than [•], 2017, at 4:00 p.m. (prevailing Central Time) (the "Subscription Expiration Deadline"). *See* Article 0 of this Disclosure Statement, entitled "RIGHTS OFFERING PROCEDURES," which begins on page 98, for more information.

[17] Capitalized terms used in this Article IV.AA but not otherwise defined in this Disclosure Statement or the Plan have the meanings ascribed to them in the 1145 Rights Offering Procedures, the Accredited Investor Rights Offering Procedures, and the corresponding subscription forms, as applicable.

BB. How do Holders of Encana Claims and Holders of General Unsecured Claims exercise their rights to participate in the GUC Rights Offering as set forth in the GUC Rights Offering Procedures (the "GUC Rights")?

As part of the Disclosure Statement Order, the Bankruptcy Court has approved the GUC Rights Offering. Each Holder of an Encana Claim and each Holder of a General Unsecured Claim (that has elected to receive distributions from the GUC Equity Pool) that, in each case, is an "accredited investor" (as defined in Rule 501(a) of Regulation D under the Securities Act) (each of the foregoing, an "Eligible Holder") may participate in the GUC Rights Offering, subject to the terms contained in the GUC Rights Offering Procedures. For more details on the GUC Rights Offering, please see the GUC Rights Offering Procedures and the corresponding subscription form, which are attached hereto as **Exhibit C-3**.

Detailed instructions regarding the exercise of GUC Rights, which are contained in the GUC Rights Offering Procedures, will be distributed to Encana and each Holder of General Unsecured Claims contemporaneously with distribution of ballots for voting on the Plan. Eligible Holders seeking to participate in the GUC Rights Offering must return a duly completed and executed GUC Subscription Form (in each case with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Rights Offering Subscription Agent so that such documents are actually received by the Rights Offering Subscription Agent by no later than [•], 2017, at 4:00 p.m. (prevailing Central Time) (the "GUC Subscription Expiration Deadline").[18] *See* Article 0 of this Disclosure Statement, entitled "RIGHTS OFFERING PROCEDURES," which begins on page 98, for more information.

CC. Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan.

DD. When is the Confirmation Hearing set to occur?

The Bankruptcy Court has scheduled the Confirmation Hearing for [•], 2017, at 9:00 a.m. (prevailing Central Time). The Confirmation Hearing may be adjourned from time to time without further notice.

Objections to Confirmation of the Plan must be filed and served on the Debtors, and certain other parties, by no later than [•], 2017, at 4:00 p.m. (prevailing Central Time) in accordance with the notice of the Confirmation Hearing that accompanies this Disclosure Statement and the Disclosure Statement Order that will be filed as **Exhibit E** and incorporated herein by reference.

The Debtors will publish the notice of the Confirmation Hearing, which will contain the deadline for objections to the Plan and the date and time of the Confirmation Hearing, in each of

[18] As used herein, the terms "GUC Subscription Form," and "Rights Offering Subscription Agent" have the meaning given to them in the GUC Rights Offering Procedures.

the *Houston Chronicle* and *The New York Times* (national edition) to provide notification to those persons who may not receive notice by mail.

EE. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or Entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the Bankruptcy Court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

FF. What is the effect of the Plan on the Debtors' ongoing business?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, the occurrence of the Effective Date means that the Debtors will not be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date selected by the Debtors that is the first Business Day after which all conditions to Consummation have been satisfied or waived. *See* Article IX of the Plan, entitled "CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN," which begins on page 69. On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their businesses and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Equity Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

GG. Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors?

As of the Effective Date, the terms of the current members of the board of directors or managers, as applicable, of each Debtor shall expire, and the initial New Board and the boards of directors or managers of each of the other Reorganized Debtors will include those directors set forth in the list of directors of the Reorganized Debtors that will be included in the Plan Supplement. *See* Article III.K of this Disclosure Statement, entitled "Directors and Officers of the Reorganized Debtors," which begins on page 10.

HH. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact Prime Clerk LLC, the Debtors' claims, noticing, and solicitation agent (the "Solicitation Agent"):

By regular mail, hand delivery, or overnight mail at:

Vanguard Natural Resources, LLC Ballot Processing
c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022

By electronic mail at:
vanguardballots@primeclerk.com

By telephone at:
(844) 596-2260
(929) 333-8976 (International)

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Debtors' Solicitation Agent at the address above or by downloading the exhibits and documents from the website of the Debtors' Solicitation Agent at https://cases.primeclerk.com/vanguard/ (free of charge) or the Bankruptcy Court's website at http://www.txs.uscourts.gov/bankruptcy (for a fee).

II. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for a larger distribution to the Debtors' creditors and equity holders than would otherwise result from any other available alternative. The Debtors believe the Plan, which contemplates a significant deleveraging of the Debtors' balance sheet and enables them to emerge from chapter 11 expeditiously, is in the best interest of all Holders of Claims or Equity Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

JJ. Who Supports the Plan?

The Plan is supported by the Debtors, certain Lenders, certain Second Lien Noteholders, and certain Senior Noteholders, as set forth in the following chart:

Consenting Parties	**Support (expressed as an approximate percentage of the total principal amount of claims outstanding)**
The Debtors	100%
The Lenders	[•]%
The Second Lien Noteholders	[79]%
The Senior Noteholders	[70]%

KK. What is the Creditors' Committee's position on the Plan?

The Creditors' Committee supports the Plan and recommends that Holders of General Unsecured Claims, Encana Claims, and Trade Claims vote to accept the Plan. In addition, the

Creditors' Committee has prepared a letter, which letter is included in the solicitation packages that will be distributed to the foregoing Classes that are entitled to vote to accept or reject the Plan.

V. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. The Debtors

The Debtors are an oil and natural gas company with a principal focus on acquisition, production, and development activities across eleven states in ten geographic basins. Headquartered in Houston, Texas, the Debtors have approximately 370 employees. The Debtors' strategy involves acquiring properties with mature, long-lived production, relatively predictable decline curves, and lower-risk development opportunities.

The Debtors' E&P operations involve the capture and sale of oil and natural gas from domestic, onshore hydrocarbon basins. Through oil and gas leases entered into with mineral rights owners throughout the Debtors' operating regions, the Debtors hold working interests in oil and gas properties that give them the right to drill and maintain wells in the applicable geographic areas. The Debtors operate these wells with the expectation of producing hydrocarbons.

As an "operator," the Debtors are the parties that are engaged in the production of oil or gas for a certain geographic unit, often established pursuant to state law, for the benefit of themselves and other parties with mineral interests or leasehold interests in the same unit. Acting as operator, the Debtors will conduct the day-to-day business of producing oil and gas at the well sites and will initially cover their own expenses as well as the expenses incurred on behalf of the owners of working interests in a designated unit covered by a joint operating agreement, pooling order, or similar agreement.

In areas where the Debtors have oil and gas leases, but do not have the largest leasehold interest in the unit, a third party will typically serve as the operator for the wells relating to the Debtors' oil and gas leases and will distribute an allocable share of any sale proceeds to the Debtors. These non-operating interests are significant to the Debtors' business, accounting for approximately 35% of the Debtors' total estimated proved reserves as of December 31, 2016.

The Debtors transport the majority of their hydrocarbon production by pipeline or tanker truck for sale to their customers. After receipt of gross proceeds, the Debtors distribute funds to various working interest holders, royalty interest holders, governmental entities, and other parties with an interest in production. The remaining proceeds are retained by the Debtors as operating revenues.

VNR is the ultimate parent of the Debtor entities. VNR is a publicly traded Delaware limited liability company that has elected to be treated as a "pass through" non-taxable entity, whereby income and losses are realized by VNR's unitholders. As such, tax attributes, such as net operating gains and losses, are realized by unitholders rather than VNR. A Corporate Organization chart summarizing the Debtors' organizational structure is attached hereto as **Exhibit D**.

B. The Debtors' Corporate History

Founded in October 2006, VNR went public in October 2007 through an initial public offering (the "IPO"). Following the IPO, the Debtors' business focused on oil and natural gas reserve production primarily in the southern portion of the Appalachian Basin.[19] Subsequently, the Debtors expanded by acquiring properties and oil and natural gas reserves primarily located in the following ten operating basins: (a) the Green River Basin in Wyoming; (b) the Permian Basin in West Texas and New Mexico; (c) the Gulf Coast Basin in Texas, Louisiana, Mississippi, and Alabama; (d) the Anadarko Basin in Oklahoma and North Texas; (e) the Piceance Basin in Colorado; (f) the Big Horn Basin in Wyoming and Montana; (g) the Arkoma Basin in Arkansas and Oklahoma; (h) the Williston Basin in North Dakota and Montana; (i) the Wind River Basin in Wyoming; and (j) the Powder River Basin in Wyoming.

Among other acquisitions, in October 2015, the Debtors completed two significant merger transactions. First, the Debtors merged with LRR Energy, L.P. and its general partner, LRE GP, LLC, in a $413.3 million unit-for-unit transaction (the "LRE Merger"). As consideration for the LRE Merger, VNR issued approximately 15.4 million in VNR common units valued at $123.3 million based on the closing price per VNR common unit of $7.98 on October 5, 2015, and assumed $290.0 million in debt. Following the LRE Merger, that debt was extinguished using borrowings under the Debtors' reserve-based credit facility.

Second, the Debtors merged with Eagle Rock Energy Partners, L.P. in a $415.2 million unit-for-unit transaction (the "Eagle Rock Merger"). As consideration for the Eagle Rock Merger, VNR issued approximately 27.7 million VNR common units valued at $258.3 million based on the closing price per VNR common unit of $9.31 on October 8, 2015 and assumed $156.6 million in debt. Following the Eagle Rock Merger, $122.3 million of the debt was extinguished using borrowings under the Debtors' reserve-based credit facility.

C. The Debtors' Key Assets and Operations

The publicly disclosed book value of the Debtors' total assets was approximately $1.309 billion as of December 31, 2016. Book value is generally computed in accordance with various accounting pronouncements and is not indicative of true enterprise value. The Valuation Analysis provides additional information about the Debtors' enterprise valuation.

As of December 31, 2016, the Debtors estimated that their total proved developed reserves at SEC pricing were approximately 1,363 Bcfe,[20] of which approximately 65% were natural gas reserves, 19% were oil reserves, and 16% were NGLs reserves. All of the Debtors' estimated proved reserves were classified as proved developed.

In addition, as of December 31, 2016, the Debtors owned working interests in 12,589 gross (4,444 net) productive wells. The Debtors' operated wells accounted for approximately 65% of their total estimated proved reserves as of December 31, 2016. The Debtors' average net daily production for the year ended December 31, 2016 and the year ended December 31, 2015

[19] The Debtors divested their properties in the Appalachian Basin in 2012.

[20] Bcfe means billion cubic feet equivalent.

were 433 MMcfe/day[21] and 415 MMcfe/day, respectively. As of December 31, 2016, the Debtors had interests in approximately 677,509 gross undeveloped leasehold acres surrounding their existing wells.

1. Upstream Activities

As noted above, the Debtors presently conduct their core E&P operations in ten operating basins in the United States. The Debtors' operations in each basin are described below.

(a) Green River Basin Properties

The Debtors' Green River Basin properties comprise assets in the Pinedale and Jonah fields of southwestern Wyoming. As of December 31, 2016, total proved reserves of the Green River Basin properties were estimated to be approximately 318 Bcfe, which is 100% proved developed. Natural gas comprised 87% of the total proved reserves. For the full year 2016, the average daily net production of the Green River Basin properties was approximately 126 MMcfe/day.

(b) Permian Basin Properties

The Debtors' Permian Basin properties are located in several counties in Southeastern New Mexico and West Texas and encompass hundreds of fields with multiple producing intervals. As of December 31, 2016, total proved reserves of the Permian Basin properties were estimated to be approximately 31 MMBoe,[22] which is 100% proved developed. Liquids comprised 60% of the total proved reserves. For the full year 2016, the average daily net production of the Permian Basin properties was approximately 9 MBoe/day.[23]

(c) Gulf Coast Basin Properties

The Debtors' Gulf Coast Basin properties include properties in the onshore Gulf Coast area, North Louisiana, Alabama, East Texas, South Texas, and Mississippi. As of December 31, 2016, total proved reserves of the Gulf Coast Basin properties were estimated to be approximately 165 Bcfe, which is 100% proved developed. Natural gas comprised 46% of the total proved reserves. For the full year 2016, the average daily net production of the Gulf Coast Basin properties was approximately 39 MMcfe/day.

(d) Anadarko Basin Properties

The Anadarko Basin consists of operated and non-operated properties in the Golden Trend field, Verden field, and other fields located in the Anadarko Basin of western Oklahoma. As of December 31, 2016, total proved reserves of the Anadarko Basin properties were estimated to be approximately 36 Bcfe, which is 100% proved developed. Natural gas comprised 71% of

[21] MMcfe means million cubic feet equivalent.

[22] MMBoe means million barrels of oil equivalent.

[23] MBoe means thousand barrels of oil equivalent.

the total proved reserves. For the full year 2016, the average daily net production of the Anadarko Basin properties was approximately 32 MMcfe/day.

(e) Piceance Basin Properties

The Piceance Basin is located in northwestern Colorado. The Debtors' Piceance Basin properties, which they operate, are located in the Gibson Gulch area. As of December 31, 2016, total proved reserves of the Piceance Basin properties were estimated to be approximately 329 Bcfe, which is 100% proved developed. Natural gas comprised 67% of the total proved reserves. For the full year 2016, the average daily net production of the Piceance Basin properties was approximately 82 MMcfe/day.

(f) Big Horn Basin Properties

The Debtors' Big Horn Basin properties comprise assets in Wyoming and Montana. As of December 31, 2016, total proved reserves of the Big Horn Basin properties were estimated to be approximately 13 MMBoe, which is 100% proved developed. Liquids comprised 93% of the total proved reserves. For the full year 2016, the average daily net production of the Big Horn Basin properties was approximately 3 MBoe/day.

(g) Arkoma Basin Properties

The Debtors' Arkoma Basin properties include properties in the Woodford Shale, located in eastern Oklahoma, the Fayetteville Shale, located in Arkansas, and royalty interests and non-operated working interests in both states. As of December 31, 2016, total proved reserves of the Arkoma Basin properties were estimated to be approximately 188 Bcfe, which is 100% proved developed. Natural gas comprised 93% of the total proved reserves. For the full year 2016, the average daily net production of the Arkoma Basin properties was approximately 48 MMcfe/day.

(h) Williston Basin Properties

The Debtors' Williston Basin properties are located in North Dakota and Montana. As of December 31, 2016, total proved reserves of the Williston Basin properties were estimated to be approximately 4 MMBoe, which is 100% proved developed. Liquids comprised 91% of the total proved reserves. For the full year 2016, the average daily net production of the Williston Basin properties was approximately 1 MBoe/day.

(i) Wind River Basin Properties

The Wind River Basin is located in central Wyoming. The Debtors' activities are concentrated primarily in the eastern Wind River Basin, along the greater Waltman Arch. As of December 31, 2016, total proved reserves of the Wind River Basin properties were estimated to be approximately 22 Bcfe, which is 100% proved developed. Natural gas comprised 93% of the total proved reserves. For the full year 2016, the average daily net production of the Wind River Basin properties was approximately 9 MMcfe/day.

(j) Powder River Basin Properties

The Powder River Basin is primarily located in northeastern Wyoming. As of December 31, 2016, total proved reserves of the Powder River Basin were estimated to be approximately 13 Bcfe, which is 100% proved developed. Natural gas comprised 100% of the total proved reserves. For the full year 2016, the average daily net production of the Powder River Basin properties was approximately 19 MMcfe/day.

2. Midstream Activities

Primarily for the benefit of their production activities, the Debtors also provide midstream services, which involve the gathering, transportation, and processing of produced hydrocarbons. The Debtors also own and maintain other midstream assets, including electrical infrastructure, pipelines, and disposal systems.

(a) Gathering Systems

The Debtors own the Piceance Basin Gas Gathering System, which includes sixty miles of gathering lines, eight miles of discharge lines, four water injection wells that have a 4,000-5,000 water barrel per day capacity, and forty-six miles of water (frac and produced) transportation lines. The Debtors also own the 2.4 mile Mamm Creek-Summit Natural Gas Pipeline in the Piceance Basin, the 5.8 mile Wild Horse Natural Gas Pipeline in the South Elk Basin, the 3.7 mile Clearfork Oil Pipeline in the Elk Basin, and the 9.4 mile Wild Cow Natural Gas Surface Pipeline in the Sierra Madre field.

The Debtors also own 51% of the partnership interests in Potato Hills Gas Gathering System ("Potato Hills"). Potato Hills operates a 35.5 mile low-pressure natural gas gathering system located in Pushmataha County and Latimer County, Oklahoma. The Debtors acquired Potato Hills from Oneok Field Services Company LLC in 2016 for approximately $7.9 million. The remaining 49% of the partnership interests in Potato Hills are held by Continuum Midstream, LLC.

As part of the $7.9 million acquisition of Potato Hills, the Debtors own 100% of the compression assets associated with Potato Hills' gathering system, which are essential for transporting natural gas from the pipeline to customers. The Debtors charge customers fees for using the compression assets, including a $107,000 per month reservation fee.

The Debtors also own a 32% interest in the Bayou Dorcheat Gathering System in the Haynesville Shale in North Louisiana. This system consists of a 22-mile pipeline linking North Shongaloo and Red Rock, Louisiana, to the Debtors' gas processing plant in Haynesville, Louisiana.

(b) Plants and Facilities

The Debtors own a variety of oil, gas, and sulfur processing plants and facilities across their operating regions. The Debtors' ownership interests in plants and facilities include: (a) 62.2% ownership of the Elk Basin Plant, which is a 48 MMcf/day refrigeration gas processing plant in Powell, Wyoming; (b) 20.0% ownership of the Fairway Plant, which is a lean oil gas

processing plant in East Haynesville, Louisiana; (c) 27.4% ownership of the Cotton Valley Plant, which is a 90 MMcf/day cryogenic gas processing plant in Haynesville, Louisiana; (d) 74% ownership of the BEC Plant, which is a gas processing, hydrogen sulfide treating, and sulfur recovery plant in Atmore, Alabama; and (e) 93.9% ownership of the Flomation Gathering Station, which is a sulfur recovery unit, in Escambia County, Alabama.

3. Sales and Marketing Arrangements

The Debtors' oil production is principally sold to marketers, processors, refiners, and other purchasers that have access to nearby pipeline, processing and gathering facilities. In areas where there is no practical access to pipelines, oil can be trucked to central storage facilities where it is aggregated and sold to various markets and downstream purchasers. The Debtors also sell some of their oil production from their operated Permian Basin properties at the wellhead to third-party gathering and marketing companies.

If the Debtors serve as the operator of a well, they will generally sell the natural gas production on the spot market or under market-sensitive, short-term agreements with credit-worthy purchasers, including independent marketing companies, gas processing companies, and other purchasers who have the ability to pay the highest price for the natural gas production and move the natural gas under the most efficient and effective transportation agreements. In addition, the Debtors market their own natural gas on some of their non-operated properties. Natural gas is transported through the Debtors' own and third-party gathering systems and pipelines, and the Debtors incur processing, gathering and transportation expenses to move their natural gas from the wellhead to a specified delivery point. These expenses vary based on the volume and distance shipped, and the fee charged by the third-party gatherer, processor or transporter.

The Debtors' production sales agreements generally contain customary terms and conditions for the oil and natural gas industry, provide for sales based on prevailing market prices in the area, and generally are month-to-month or have terms of one year or less.

4. Hedging Portfolio

To provide protection against volatility in oil and natural gas prices, the Debtors have historically maintained a hedging portfolio of oil and natural gas swaps, collars, puts, and other derivatives. These commodity derivative instruments generally provide cash settlement payments to the Debtors when prevailing oil and gas prices are below contract prices on the settlement date. By removing some measure of price volatility associated with production, the Debtors' hedging portfolio helped mitigate, but did not eliminate, the effects of the sustained decline in commodity prices. In October 2016, the Debtors monetized certain of its outstanding commodity price hedge agreements for total proceeds of approximately $42.3 million.

After assessing the situation, the Debtors concluded that there was a significant risk that hedging counterparties would seek to liquidate all or a portion of the Debtors' hedging portfolio in a compressed timeframe shortly after the Petition Date. Given the potential adverse impact on value of a rapid liquidation postpetition, the Debtors determined to commence an orderly unwinding of the portfolio before the Petition Date. In December 2016, the Debtors monetized

their remaining outstanding commodity price and interest rate hedge agreements for total proceeds of approximately $11.7 million.[24] The foregoing proceeds were used to reduce the amount of borrowings under the Credit Agreement. As a result of the monetization of hedges in October and December, 2016, the Debtors' have no commodity hedging contracts in place as of the Petition Date.

D. Prepetition Capital Structure

As of the Petition Date, the Debtors have approximately $1.8 billion in total funded debt outstanding, including approximately $1.25 billion outstanding under the Credit Agreement, approximately $78.075 million of Second Lien Notes (including accrued and unpaid interest), and approximately $443.7 million of Senior Notes (including accrued and unpaid interest). The Debtors also owe approximately $19.0 million under a capital lease of equipment in the Piceance Basin, and have approximately $20.0 million in ordinary course trade payables as of the Petition Date. The Debtors also have three series of preferred units with an aggregate liquidation preference of approximately $370.5 million.

The following table summarizes the Debtors' prepetition capital structure:

Debt	**Approximate Amount Outstanding (in millions)**
Credit Agreement	**$1,248.8**
Second Lien Notes	**$78.1**[25]
Total Senior Notes	**$443.7**
8.375% Senior Notes due 2019	$51.8[26]
7.875% Senior Notes due 2020	$391.9[27]
Lease Financing Obligations	**$19.0**
Trade Payables	**$20.0**
Total Debt	**$1,810**

Preferred Units	**Approx. Liquidation Preference (in millions)**[28]
Series A Preferred Units	$69.0
Series B Preferred Units	$186.7
Series C Preferred Units	$114.8

[24] This amount includes the $5 million negative impact from interest rate hedges that were also monetized.

[25] This amount includes accrued and unpaid interest through February 1, 2017.

[26] This amount includes accrued and unpaid interest through February 1, 2017.

[27] This amount includes accrued and unpaid interest through February 1, 2017.

[28] This amount includes unpaid distributions.

Total Preferred Units	**$370.5**

Common Units	**Units Outstanding (as of December 31, 2016)**
Common Units	131,008,670
Class B Units	420,000

1. Credit Agreement

The Debtors are parties to the Credit Agreement.[29] The Credit Agreement is subject to borrowing base limitations which are periodically adjusted based on the Lenders' redeterminations of the value of the Debtors' oil and gas reserves. The obligations under the Credit Agreement are secured by first-priority liens on substantially all of the Debtors' assets including, among other things, equity interests in the Guarantors, midstream assets such as pipelines, and substantially all of the Debtors' oil and gas interests (collectively, the "Collateral"). As of the Petition Date, approximately $1.25 billion in borrowings and approximately $150,000 of letters of credit are outstanding under the Credit Agreement.

2. Second Lien Notes

VNR and VNR Finance Corp. ("VNR Finance") are the issuers of the Second Lien Notes. As of the Petition Date, approximately $78.075 million in Second Lien Notes (including accrued and unpaid interest) was outstanding. All of VNR's wholly owned subsidiaries have guaranteed the obligations of VNR and VNR Finance under the Second Lien Notes. The Second Lien Notes are secured by second-priority liens on the Collateral. The Intercreditor Agreement governs the parties' relative rights with respect to the Collateral and provides other protections to the parties.

3. Senior Notes

VNR and VNR Finance are the issuers of the 2020 Senior Notes. In addition, Vanguard Operating, LLC, is the issuer of the 2019 Senior Notes (collectively, with the 2020 Senior Notes, the "Senior Notes"). As of the Petition Date, approximately $391.9 million (including accrued and unpaid interest) and $51.8 million (including accrued and unpaid interest) in 2020 Senior Notes and 2019 Senior Notes, respectively, were outstanding. VNR is a guarantor under the 2019 Senior Notes. In addition, all wholly owned subsidiaries of VNR (other than the issuers) have guaranteed the obligations under the Senior Notes.

The treatment provided under the Plan on account of Senior Notes Claims takes into account that Holders of such Claims are entitled to assert the full amount of the Senior Notes Claims against each guarantor of the Senior Notes, in accordance with *Ivanhoe Building & Loan Ass'n of Newark, N.J. v. Orr*, 295 U.S. 243 (1935) and its progeny.

[29] The guarantors under the Credit Agreement are VNR, Eagle Rock Energy Acquisition Co., Inc., Eagle Rock Energy Acquisition Co. II, Inc., Eagle Rock Acquisition Partnership, L.P., Eagle Rock Acquisition Partnership II, L.P., Eagle Rock Upstream Development Company, Inc., Eagle Rock Upstream Development Company II, Inc., Encore Clear Fork Pipeline LLC, Escambia Asset Co. LLC, Escambia Operating Co. LLC, Vanguard Operating, LLC, VNR Finance Corp., and VNR Holdings, LLC (collectively, the "Guarantors").

4. Lease Financing Obligations

On October 24, 2014, in connection with the Debtors' acquisition of certain Piceance Basin properties described above, the Debtors entered into an assignment and assumption agreement with Banc of America Leasing & Capital, LLC as the lead bank, to acquire rights to certain compressors and related facilities, and assume the related financing obligations (the "Lease Financing Obligations"). Certain rights, title, interest and obligations under the Lease Financing Obligations were assigned to several lenders and are covered by separate assignment agreements, which expire on August 10, 2020 or July 10, 2021, as the case may be. The Debtors have the option to purchase the equipment at the end of the lease term for fair market value at that time. The Lease Financing Obligations also contain an early buyout option that gives the Debtors the right to purchase the equipment for $16.0 million on February 10, 2019. The lease payments related to the equipment are recognized as a principal and interest expense based on a weighted average implicit interest rate of 4.16%. As of the Petition Date, approximately $19.0 million in Lease Financing Obligations are outstanding.

5. Preferred and Common Units in VNR

(a) Preferred Units

As noted in the table above, VNR has issued three series of preferred units: (a) the 7.875% Series A Cumulative Redeemable Perpetual Preferred Units; (b) the 7.625% Series B Cumulative Redeemable Perpetual Preferred Units; and (c) the 7.75% Series C Cumulative Redeemable Perpetual Preferred Units (collectively, the "VNR Preferred Units"). The three series of VNR Preferred Units were traded on the NASDAQ Global Select Market ("NASDAQ") under the ticker symbols "VNRAP," "VNRBP," and "VNRCP," respectively. The VNR Preferred Units have been delisted from the NASDAQ. On February 25, 2016, the Debtors' Board elected to suspend cash distributions to Holders of VNR Preferred Units. As of December 31, 2016, there were 13,881,873 VNR Preferred Units issued and outstanding.

(b) Common Units

As of December 31, 2016, there were 131,008,670 VNR common units outstanding. In addition, as of December 31, 2016, there were approximately 420,000 units of Class B units in VNR outstanding (collectively, with the VNR common units, the "VNR Common Units"). The VNR Common Units were traded on the NASDAQ under the ticker symbol "VNR" and have since been delisted from the NASDAQ. On February 25, 2016, the Debtors' Board elected to suspend cash distributions to Holders of the VNR Common Units.

VI. EVENTS LEADING TO THE CHAPTER 11 CASES

A. Adverse Market Conditions

Notwithstanding a favorable cost structure and the relatively predictable decline curves associated with their production, the Debtors' revenues, earnings, and liquidity have been substantially and negatively affected by depressed commodity prices that have persisted over a prolonged period of time. Beginning in mid-2014, oil prices significantly declined due to worldwide oversupply and have yet to recover. Simultaneously, the natural gas market saw the impact of continued growth in natural gas production in the United States, which has caused a sustained drop in natural gas prices over a several year period.

The difficulties faced by the Debtors are consistent with the difficulties faced industry-wide. E&P companies, like the Debtors, have been especially hard-hit from the decline in commodity prices, because their revenues are generated from the sale of unrefined oil and natural gas. More than 100 oil and natural gas producers in North America have filed for bankruptcy since the beginning of 2015, and numerous other oil and gas companies have defaulted on their debt obligations, negotiated amendments or covenant relief with creditors to avoid defaulting, or have effectuated out-of-court restructurings. The depressed oil and natural gas price environment over the last two years has made it especially difficult for some companies to identify and execute on any viable restructuring alternatives.

Even with an extensive hedging portfolio in place, these challenges, among others, caused a significant decline in the Debtors' financial health. To illustrate, the Debtors' revenue declined from approximately $788.1 million in calendar year 2014 to approximately $566.6 million in calendar year 2015, and down to $264.4 million through the third quarter of 2016, all as a result of depressed commodity prices. Moreover, operating cash flow through the third quarter of 2016 was $179.6 million as compared to $265.3 million over the same period of 2015.

B. Proactive Approach to Addressing Liquidity Constraints

The Debtors implemented a disciplined strategy focused on preserving liquidity and reducing operating and corporate expenditures to align the business with the current commodity price environment. This included (and continues to include) a focus on increasing asset value through innovation and cost reduction, as opposed to a focus on top-line growth. To date, the Debtors' cost-saving initiatives have included reducing rates with key vendors, reducing employee and other human resources costs, lowering certain E&P software costs, and shutting-in uneconomical wells to allocate capital to the highest return areas and preserve liquidity. The Debtors also eliminated distributions to Holders of VNR Preferred Units and VNR Common Units. The Debtors simultaneously acquired strategic and mature E&P assets while prices remain low.

In order to further reduce operational costs and eliminate expenses that are unnecessary to the Debtors' reorganization, the Debtors recently completed an office-space consolidation that involved vacating leased premises at Wedge Tower in Houston, Texas. As part of the relief sought at the outset of the Chapter 11 Cases, the Debtors filed a motion seeking to reject their lease at the Wedge Tower as well as other uneconomical and unnecessary contracts and leases.

The contracts and leases that were identified for immediate rejection in this motion had cost the Debtors more than $12 million per year in the aggregate. As described in further detail in Article VII.L of this Disclosure Statement, entitled "Rejection and Assumption of Executory Contracts and Unexpired Leases," which begins on page 71, the Bankruptcy Court granted this motion by orders dated March 1, 2017, and April 5, 2017 [Docket Nos. 277 & 514].

Prior to the Petition Date, the Debtors also took a proactive approach to improve liquidity and reduce their debt under the Credit Agreement. In May 2016, the Debtors completed the sale of their natural gas, oil and natural gas liquids assets in the SCOOP/STACK area in Oklahoma to entities managed by Titanium Exploration Partners, LLC for approximately $272.5 million. In addition, the Debtors sold certain properties in several different counties in Texas, New Mexico and Oklahoma for an aggregate consideration of approximately $22.2 million. The Debtors primarily used the cash received from these sales to reduce their borrowings under the Credit Agreement.

Despite these efforts, the Debtors' liquidity was further constrained as a result of borrowing-base redeterminations during 2016 that eliminated the Debtors' ability to draw on their Credit Agreement and triggered mandatory repayments of principal to address the resulting borrowing-base deficiency. In May 2016, as part of an amendment to the Credit Agreement, the borrowing base under the Credit Agreement was reduced from $1.8 billion to $1.25 billion, which resulted in a borrowing base deficiency of approximately $103.5 million. To address this borrowing base deficiency, the Debtors were required to repay the deficiency in six equal monthly installments, beginning in June 2016. The Debtors have repaid the full borrowing base deficiency resulting from the May redetermination.

Following the May borrowing base redetermination, the Debtors also began to explore a variety of strategic alternatives designed to address its imminent liquidity challenges. To assist in those endeavors, the Debtors hired Evercore as their financial advisor to advise the Debtors on potential refinancing options, and begin the process of soliciting financing proposals from prospective lenders.

During the financing-solicitation process, the Debtors and Evercore also remained in dialogue with the Debtors' existing creditors and stakeholders to collaborate on potential out-of-court solutions to the Debtors' liquidity constraints. For several months, the Debtors and their advisors met with principal creditors and their advisors, and provided those parties with substantial diligence regarding the Debtors' assets and operations.

Although the Debtors initially hoped that these efforts would lead to a successful out-of-court restructuring opportunity, that hope faded after the Debtors completed another semi-annual redetermination of its borrowing base under the Credit Agreement on November 3, 2016, and new potential investors were concerned about Lenders' continued reductions in the Debtors' borrowing base. As a result of the November borrowing-base redetermination, the Debtors' borrowing base was further reduced from $1.25 billion to $1.1 billion. The Debtors were required to repay this borrowing base deficiency of $225.0 million with the first $37.5 million payment made in October 2016 and the remaining balance to be paid in five equal monthly installments of $37.5 million, beginning in January 2017. The Debtors made the second of these

installment payments on January 3, 2017, thereby reducing the outstanding borrowings to approximately $1.25 billion, and reducing the borrowing base deficiency to $150 million.

Faced with a lack of viable out-of-court financing options, the focus of the Debtors' discussions with stakeholders shifted to restructuring alternatives to be implemented through the voluntary filing of cases under chapter 11 of the Bankruptcy Code. In light of the fact that the most recent borrowing base redetermination will quickly decimate the Debtors' liquidity, the Debtors' Board determined that these chapter 11 cases are necessary to preserve the Debtors' going concern value.

After extensive discussions with their advisors, the Debtors determined that filing for chapter 11 was in their best interest and in the best interest of their creditors. Given the lack of alternatives and the fact that the vast majority of Claims against the Debtors arise from the Debtors' funded-debt obligations, the Debtors have focused their restructuring efforts on discussions with the Lenders, the Ad Hoc Group of Second Lien Noteholders, and the Ad Hoc Group of Senior Noteholders. The Debtors' main goal in those discussions and in the Chapter 11 Cases was to restructure their balance sheet through a consensual plan of reorganization supported by the Lenders, the Holders of Second Lien Notes, and the Holders of Senior Notes.

The Debtors' efforts in this regard have been successful. After extensive good-faith negotiations with the Ad Hoc Noteholders, on February 1, 2017, the Ad Hoc Noteholders and the Debtors finalized an agreement on the terms of a restructuring as set forth in the RSA. Moreover, after substantial further negotiations, the Debtors and the Consenting Creditors reached a global agreement regarding the terms of the Debtors' restructuring, resulting in certain pending amendments to the RSA and the exhibits attached thereto. The amendments include, among other things, the addition of: (a) certain key terms to the Rights Offering; (b) certain key terms to the Exit Facility; and (c) certain key terms to the Debtors' postpetition hedging program.

C. The RSA

The RSA binds the support of the Consenting Creditors for the contemplated restructuring so long as the Debtors are successful in taking the steps necessary to meet the Milestones, which establishes July 24, 2017 as the date to emerge from chapter 11. Through the implementation of the transactions set forth in the Plan, which is based on the Plan Term Sheet attached to the RSA, the Debtors will eliminate more than $700 million in debt under the Credit Agreement and the Senior Notes. The RSA and Plan provide for the reorganization of the Debtors as a going concern with a deleveraged capital structure and sufficient liquidity to fund the Debtors' postpetition business plan. The RSA and the exhibits attached thereto, as amended, including the Plan Term Sheet are attached hereto as **Exhibit B** and incorporated herein by reference.

D. The DIP Facility

While the Debtors were negotiating the terms of the RSA, they also were in discussions with the Lenders over the terms of a debtor-in-possession facility. These discussions resulted in the negotiation of the DIP Facility. The DIP Facility provides the Debtors with postpetition financing in the form of a senior secured, superpriority revolving credit facility in the aggregate

principal amount of $50 million, as well as consensual use of the Lenders' cash collateral. Based on the analysis of the Debtors' management team and advisors, the Debtors determined that the DIP Facility was on the most favorable terms available in light of the Debtors' circumstances as well as the current market for DIP financing. The Debtors and their advisors concluded that the DIP Facility would provide the Debtors with sufficient liquidity to transition into the Chapter 11 Cases smoothly and implement the restructuring contemplated by the RSA. The final hearing on the DIP Facility is currently scheduled for May 30, 2017 and is discussed in further detail in Article VII.C.2 of this Disclosure Statement, entitled "DIP Financing Motion," which begins on page 62.

E. The Backstop Agreement

On February 24, 2017, the Debtors executed the Backstop Agreement with the Backstop Parties. The Backstop Agreement provides that the Backstop Parties commit to buy all outstanding shares of Rights Offering Equity not purchased pursuant to the Rights Offering, in accordance with the terms and condition of the Backstop Agreement. Pursuant to the Backstop Agreement, the Debtors will pay the Backstop Premium to the Backstop Parties. The Backstop Premium will be payable either (a) as a number of shares of New Common Stock equal to 6% of the number of the Rights to purchase New Common Stock sold in the Rights Offering, or (b) upon termination of the Backstop Agreement in the circumstances set forth in section 9.4(b) of such Backstop Agreement, as a cash payment. The Bankruptcy Court entered the Backstop Agreement Order approving the Backstop Agreement on March 20, 2017 [Docket No. 424]. In accordance with the Backstop Agreement and the Backstop Agreement Order, the Debtors will reimburse the reasonable fees and expenses accrued by the advisors of the Backstop Parties.

The Debtors and the Backstop Parties have amended the Backstop Agreement. These amendments include, among other things: (a) revisions to ensure consistency between the Backstop Agreement, the amended RSA, and other key documents related to the Debtors' restructuring; (b) new provisions addressing certain key aspects of the Debtors' restructuring, including, without limitation, the Rights Offering Procedures, Term Loan Purchase, and the sale of the Glasscock Assets; and (c) changes to provisions regarding termination of the Backstop Agreement.

The Backstop Agreement, as amended, is attached hereto as **Exhibit I** and incorporated herein by reference.

F. The Second Lien Investment Agreement

On February 24, 2017 the Debtors executed the Second Lien Investment Agreement with the Second Lien Investors, which provides for the Second Lien Investors to purchase the Second Lien Investment Equity for an aggregate purchase price of $19.25 million at a price per share to be determined based on a twenty-five percent (25%) discount to Plan Value. The Bankruptcy Court entered an order approving the Second Lien Investment Agreement on March 20, 2017 [Docket No. 424].

The Debtors and the Second Lien Investors have amended the Second Lien Investment Agreement. These amendments include, among other things: (a) revisions to ensure consistency

between the Second Lien Investment Agreement, the amended RSA, and other key documents related to the Debtors' restructuring; (b) changes to certain financial assumptions regarding the Debtors; and (c) the addition of terms regarding the relationship between the Second Lien Investors and the Exit Facility.

The Second Lien Investment Agreement, as amended, is attached hereto as **Exhibit J** and incorporated herein by reference.

The Plan, and the associated Rights Offering, Backstop Agreement, and the Second Lien Investment Agreement, are a critical step in the Debtors' months-long restructuring process, and will allow the Debtors to proceed expeditiously through chapter 11 to a successful emergence. The Plan will significantly deleverage the Debtors' balance sheet and provide the capital injection needed for the Debtors to return to conduct competitive operations going forward.

While the Debtors remain committed to working with other constituents in the capital structure on the terms of superior restructuring transactions, the Debtors believe that the Plan, which now incorporates the global settlement with the Creditors' Committee, represents the best available alternative to maximize value for all stakeholders and emerge from Chapter 11 at this time.

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. Corporate Structure upon Emergence

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, each Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of Entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of Entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other analogous formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and bylaws (or other analogous formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

Additional information regarding the corporate structure upon emergence will be provided in the Restructuring Transactions Chart that will be included in the Plan Supplement.

B. Expected Timetable of the Chapter 11 Cases

The Debtors expect the Chapter 11 Cases to proceed quickly. Should the Debtors' projected timelines prove accurate, the Debtors could emerge from chapter 11 approximately 24 weeks after the Petition Date. Under the terms of the RSA and the DIP Facility, the Debtors are required to administer the Chapter 11 Cases in accordance with the Milestones, including Consummation of the Plan by no later than July 24, 2017. **No assurances can be made, however, that the Bankruptcy Court will enter various orders on the timetable anticipated by the Debtors.**

C. Initial Relief

Shortly after filing their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions") on the Petition Date, on February 2, 2017, the Debtors filed several motions (the "First Day Motions") designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth in the *Declaration of Richard A. Robert, Chief Financial Officer of Vanguard Natural Resources, LLC In Support of Chapter 11 Petitions and First Day Motion* (the "First Day Declaration") [Docket No. 6], filed on February 2, 2017. Significantly, pursuant to the First Day Motions, the Debtors sought and were granted the authority to pay the Claims of a number of their vendors in full, in the regular course of business.

The First Day Motions, the First Day Declaration, and all orders for relief granted in the Chapter 11 Cases, can be viewed free of charge at https://cases.primeclerk.com/vanguard/.

1. Cash Management Motion

On February 2, 2017, the Debtors filed the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Continued Use of Existing Bank Accounts, Business Forms, and Cash Management System, (II) Waiving Requirements of Section 345 of the Bankruptcy Code, and (III) Authorizing Continuation of Intercompany Transfers* [Docket No. 5] (the "Cash Management Motion") requesting, among other things, authority to continue to operate their consolidated cash management system, maintain existing bank accounts, use business forms in their present form without reference to the Debtors' status as debtors in possession, continue to use certain investment accounts, close existing bank accounts and open new accounts, and continue certain intercompany transactions on an administrative priority basis. The Bankruptcy Court granted the Cash Management Motion on an interim basis on February 3, 2017 [Docket No. 57].

2. DIP Financing Motion

As one of their First Day Motions, the Debtors filed the *Debtors' Emergency Motion for Interim and Final Orders (I) (A) Authorizing the Debtors to Obtain Postpetition Senior Secured Superpriority Financing and (B) Use Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [Docket No.10] (the "DIP Motion") requesting, among other things, authority to enter into the DIP Facility, use cash collateral, grant adequate protection to the Lenders and the Holders of Senior Notes. The Bankruptcy Court granted the DIP Motion on an interim basis on February 3, 2017 [Docket No. 63]. The final hearing on the DIP Motion is currently scheduled for May 30, 2017.

3. Oil and Gas Obligations Motion

The Debtors also filed, as one of their First Day Motions, the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing Payment of (A) Certain Oil and Gas Obligations, (B) Warehousing Claims, and (C) 503(b)(9) Claims, and (II) Confirming Administrative Expense Priority of Outstanding Orders* [Docket No. 7] (the "Oil and Gas Obligations Motion"),[30] requesting, among other things, authority to pay prepetition and postpetition amounts owing on account of Mineral Payments and Working Interest Disbursements. In the Oil and Gas Obligations Motion, the Debtors estimated that, as of the Petition Date, approximately $10 million in Mineral Payments and $5 million of Working Interest Disbursements were outstanding.

On February 3, 2017, the Bankruptcy Court granted the Oil and Gas Obligations Motion on an interim basis [Docket No. 58] (the "Interim Oil and Gas Obligations Order"). On March 1, 2017, the Bankruptcy Court granted the Oil and Gas Obligations Motion on a final basis [Docket

[30] Capitalized terms used but not defined in this Article **Error! Reference source not found.** have the meanings set forth in the Oil and Gas Obligations Motion. To the extent that terms defined in the Oil and Gas Obligations Motion are used or described in this Article **Error! Reference source not found.**, such terms are qualified in full by the Oil and Gas Obligations Motion. In the event of any inconsistencies between the summary description of terms in this Article **Error! Reference source not found.** and the Oil and Gas Obligations Motion, the terms of the Oil and Gas Obligations Motion control.

No. 272] (the "Final Oil and Gas Obligations Order" and, collectively with the Interim Oil and Gas Obligations Order, the "Oil and Gas Obligations Orders").

Pursuant to the Oil and Gas Obligations Orders, the Debtors believe that they have or will satisfy prior to emergence all prepetition Mineral Payments and Working Interest Disbursements that are due under applicable agreements with their counterparties. As of May 3, 2017, the Debtors have issued approximately 11,000 checks and made approximately 3,000 wire transfers on account of such prepetition obligations, representing approximately $13 million in payments. The Debtors have also made $10 million in payments on account of postpetition oil and gas obligations, and they continue to satisfy their oil and gas obligations in the ordinary course of business.

Although the Debtors have timely paid the amounts due on account of their oil and gas obligations, a few Royalty and Working Interest Holders have objected to this Disclosure Statement, alleging various deficiencies in its discussion of obligations to mineral interest holders. The Debtors believe that these objections lack merit, for the reasons discussed below. Nevertheless, the Debtors make additional disclosures below in order to address such objections.

(a) England Resources

England Resources Corporation, Medicine Bow Land Company LLC, Nico Resources, LLC, Horizon Royalties, LLC, Red Crown Royalties LLC, England Energy LLC, Princeton Energy LLC, Wontok LLC, Epic Resources, LLC, Odyssey Royalties, LLC, Morse Energy Partners LLC, and KAB Acquisition LLP V (collectively, "England Resources") have objected to this Disclosure Statement [Docket No. 566] (the "England Resources Objection"). England Resources Corporation is a non-operating working interest holder on several wells in North Dakota where Vanguard Operating is operator, including the Mormon Butte 5-25-2B Oil Well (the "Mormon Butte Well"). On June 6, 2014, the area surrounding the Mormon Butte Well suffered a "soil slump," or mudslide. The land where this mudslide occurred is under the jurisdiction, custody, or control of the United States Department of Agriculture, Forest Service (the "Forest Service"). In the aftermath of that mudslide, the Debtors undertook emergency repairs to the surrounding land as mandated by the Forest Service. In total, those mandatory repairs cost a total of approximately $4.7 million. England Resources Corporation's prorated share of those costs was $460,937.97.

Under the joint operating agreement among England Resources Corporation, Vanguard Operating, and other third parties, dated November 12, 1980 (the "JOA"), Vanguard Operating, as operator, has authority pursuant to Article VII, Section C, which provides that Vanguard Operating "shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area [(as defined in the JOA)] pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares" for those expenses. Moreover, Article VII, Section D.3 of the JOA provides that "in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator [(as defined in the JOA)] may take such steps and incur such expenses as in its opinion arc required to deal with the emergency to safeguard life and property . . . ." In addition, Article VII, Section B of the JOA provides that "upon default by any Non-Operator [(as defined in the JOA)] in the payment of its share of expense[,] Operator shall have the right, without prejudice to other rights or remedies, to

collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and or gas until the amount owed by such Non-Operator, plus interest has been paid." England Resources Corporation has not paid its prorated share of remedial costs at the Mormon Butte Well. Therefore, as permitted by the JOA, the Debtors have been withholding proceeds of England Resources Corporation's share of oil sales from certain wells in the Contract Area (as defined in the JOA) to cover the expenses owed by England Resources Corporation as a result of the mudslide.

England Resources Corporation disagreed with the Debtors' decision to offset the expenses against its share of revenues, and has requested payment of the withheld amounts. In England Resources Corporation's view, it should not have to pay its proportionate share of the remedial costs because Vanguard Operating failed to properly inform it about the costs and England Resources should have been informed about the expenditures prior to incurring those costs. Vanguard Operating disagrees with England Resources Corporation because of the emergency created by the mudslide. Moreover, the costs incurred were not voluntary. Rather, the costs were incurred as a result of mandates issued by the Forest Service. England Resources has benefitted from the expenses paid by Vanguard Operating because, absent those payments, the Forest Service may have, among other things, sought to revoke the permit for the well, taken action to shut down the operations, refused to reissue the permit or issue new permits, or asserted claims against surety bonds securing performance, thus causing additional costs and loss. Moreover, failure to comply with Forest Service special use authorizations, contracts and operating plans may result in a referral to Forest Service law enforcement, which has the power to punish violators with fines and imprisonment. *See* 36 C.F.R. § 261.1b.

The England Resources Objection primarily relates to its disagreement with the Debtors' handling of the mudslide at the Mormon Butte Well. For the reasons explained above, the Debtors believe that England Resources' disagreement is unreasonable with respect to how the Debtors addressed the Forest Service demands at the Mormon Butte Well. To the extent that England Resources objects to the lack of disclosure regarding royalty and working interests generally, the Debtors add the following additional disclosures.

The Debtors have been making Mineral Payments and Working Interest Disbursements in the ordinary course of their business in accordance with the authorization granted under the Oil and Gas Obligations Orders. To the best of the Debtors' knowledge, the Debtors have not faced any adverse actions related to their oil and gas interests due to nonpayment throughout the pendency of these Chapter 11 Cases. The Debtors do not anticipate any such actions as a result of confirmation of the Plan because the Debtors are properly making payments on their oil and gas obligations. The Debtors are properly asserting their rights of setoff against England Resources Corporation under the JOA, and may have similar contractual setoff rights for other Royalty or Working Interest Holders against whom the Debtors are currently asserting rights of setoff and withholding some non-operating interest revenues to recover costs incurred in the operation of wells under a JOA. Lastly, to the extent the England Resources Objection makes legal arguments about the Debtors' treatment of Royalty and Mineral Interest Holders, the Debtors respectfully disagree. The Debtors will address those arguments in the context of seeking confirmation of the Plan.

In summary, pursuant to the Oil and Gas Obligations Orders, the Debtors have been making Mineral Payments and Working Interest Disbursements, except in those circumstances where the Debtors have a contractual or other valid basis to withhold such payments. The Debtors withheld payments to England Resources Corporation to recover mandatory costs incurred at a well on Forest Service land, consistent with their rights under the applicable JOA. Given this, and given that the remainder of the England Resources Objection lacks merit, the Debtors believe that the England Resources Objection should be overruled.

(b) IRT

Iowa Realty Trust and IRT Land & Minerals, LLC (collectively, "IRT") have also objected to this Disclosure Statement [Docket No. 661]. IRT claims to hold Royalty and/or Working Interests and objects to, among other things, this Disclosure Statement's treatment of such interests. The Debtors' books and records do not show any prepetition amounts owed to IRT nor any remaining postpetition amounts owed to IRT. Indeed, the proofs of claim filed by IRT show that it is owed $0.00 and thus it is not a creditor. Accordingly, the Debtors believe that IRT is not a Holder of any Claim against the Debtors and, therefore, lacks standing to object to this Disclosure Statement.

4. Complex Case Notice

Along with their First Day Motions, the Debtors filed their *Notice of Designation as Complex Chapter 11 Bankruptcy Case* [Docket No. 2] requesting, among other things, that the Bankruptcy Court designate the Debtors' Chapter 11 Cases as "complex chapter 11 cases." On February 3, 2017, the Bankruptcy Court entered the *Order Granting Complex Chapter Bankruptcy Case Treatment and Order Setting Bar Date for Filing Proofs of Claim* [Docket No. 56] (the "Complex Case Order"). In the Complex Case Order, the Bankruptcy Court established April 30, 2017 as the Claims Bar Date.

D. Other Motions

The Debtors also filed several other motions subsequent to the Petition Date, including motions intended to further facilitate the smooth and efficient administration of the Chapter 11 Cases and reduce the administrative burdens associated therewith. These motions include:

- Ordinary Course Professionals Motion. On February 7, 2017, the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business, Effective* Nunc Pro Tunc *to the Petition Date* [Docket No. 105] (the "OCP Motion"), requesting entry of an order that, among other things, establishes procedures for the retention and compensation of certain professionals utilized by the Debtors in the ordinary course operation of their businesses. The Bankruptcy Court granted the OCP Motion on March 1, 2017 [Docket No. 278].

- Excess Asset Sale Motion. On February 7, 2017, the Debtors filed the *Debtors' Motion, Pursuant to Bankruptcy Code Sections 327(a), 328(a), 330, 363, and 544(a) and Bankruptcy Rules 2002, 2014, 2016, 6004(h), 6007, and 9006, for*

Entry of Order Approving Procedures to Sell Excess Assets [Docket No. 106] (the "Excess Asset Sale Motion"), requesting entry of an order that, among other things, authorizes the Debtors to sell certain assets that it no longer needs for its remaining operations, free and clear of liens, claims, and encumbrances. The Bankruptcy Court granted the Excess Asset Sale Motion on March 1, 2017 [Docket No. 279].

- Interim Compensation Procedures Motion. On February 7, 2017, the Debtors filed the *Debtors' Motion for Entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Docket No. 110] (the "Interim Compensation Motion"), requesting entry of an order that, among other things, sets forth the procedures for the interim compensation and reimbursement of expenses of retained Professionals in the Chapter 11 Cases. The Bankruptcy Court granted the Interim Compensation Motion on March 1, 2017 [Docket No. 280].

- Glasscock Bidding Procedures and Sale Motion. On March 20, 2017, the Debtors filed the *Debtors' Motion for Entry of: (I) Order (A) Approving Bidding Procedures for Sale of Certain Oil and Gas Assets, (B) Approving Form and Manner of Notices Thereof, (C) Approving Bid Protections for Stalking Horse Purchaser, (D) Scheduling Dates to Conduct Auction and Hearing to Consider Final Approval of Sale, Including Treatment of Executory Contracts and Unexpired Leases, and (E) Granting Related Relief; and (II) Order (A) Approving Sale of Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Docket No. 429] (the "Glasscock Sale Motion"), requesting entry of an order that, among other things, approves bidding procedures and bidding protections for the sale of certain oil and gas leasehold interests in Glasscock County, Texas (the "Glasscock Assets") for a baseline purchase price of approximately $78.3 million. The Glasscock Sale Motion attached a purchase and sale agreement (the "OXY PSA") executed by OXY USA Inc. ("OXY") as the proposed stalking horse purchaser (the "Glasscock Stalking Horse Purchaser"). On April 13, 2017, the Bankruptcy Court entered a bidding procedures order ("Glasscock Bidding Procedures Order") approving, among other things, the bidding procedures and related bidding protections for OXY. Under the Glasscock Bidding Procedures Order, the Bankruptcy Court held that the Glasscock Assets may be sold, free and clear of the alleged interest in the Glasscock Assets asserted by Encana, pursuant to section 363(f)(4) of the Bankruptcy Code. The ongoing dispute between the Debtors and Encana is described in further detail in Article VII.J of this Disclosure Statement, entitled "Encana Litigation," which begins on page 69.

  On May 17, 2017, the Debtors held an auction of the Glasscock Assets and approximately 57 additional wells in Glasscock County related to the Glasscock Assets (such wells, the "Additional Glasscock Assets"). At the auction, Oxy submitted the Successful Bid in the amount of $105,000,000 in the aggregate for the Glasscock Assets and the Additional Glasscock Assets. The Successful Bid

included bid protections provided to OXY by the Bankruptcy Court in the amount of $2,849,960, which reduces the amount payable to the Debtors' estates to $102,150,040. On May 19, 2017, the Bankruptcy Court entered an order approving the sale of the Glasscock Assets (being the certain oil and gas leasehold interests in Glasscock County) and the Additional Glasscock Assets (the "Glasscock Sale Order"). The sale of the Glasscock Assets closed on May 19, 2017, yielding cash proceeds to the Debtors' estates of $96,863,139. The sale of the Additional Glasscock Assets (being the approximately 57 wells in Glasscock County related to the Glasscock Assets) will be conducted under a separate purchase and sale agreement with a purchase price of $5,286,901, which the Debtors expect to execute on May 26, 2017. Closing of the sale of the Additional Glasscock Assets is subject to customary closing conditions and the purchase price may be adjusted for title defects, environmental defects, and other matters. All of the information in this Disclosure Statement relating to the Glasscock Bidding Procedures Order and the Glasscock Sale Order is qualified in its entirety by the terms and conditions contained in those orders.

As required by the RSA, the Debtors plan to file a motion (the "Hedging Motion") requesting entry of an order (the "Hedging Order") that, among other things, authorizes the Debtors to enter into and perform under new hedging agreements (the "Hedging and Trading Arrangements") that limit exposure to volatility in the price of oil, natural gas, and natural gas liquids production.

E. Schedules and Statements

On March 16, 2017, the Debtors filed their schedules of assets and liabilities and statement of financial affairs with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code [Docket Nos. 357–88] (collectively, the "Schedules").

F. Appointment of Official Creditors' Committee

On February 14, 2017, the U.S. Trustee filed the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 172], notifying parties in interest that the U.S. Trustee had appointed the Creditors' Committee in the Chapter 11 Cases. The Creditors' Committee is currently composed of the following members: (a) UMB Bank, National Association; (b) Wilmington Trust, National Association; and (c) Encana. The Creditors' Committee has retained Akin Gump Strauss Hauer & Feld LLP as its legal counsel and FTI Consulting, Inc. as its restructuring advisor.

The Creditors' Committee and its advisors worked diligently to review the Plan, Valuation Analysis, and the fairness of the distributions proposed under the Plan. The Creditors' Committee supports the Plan.

G. Ad Hoc Equity Committee

On February 28, 2017, certain Holders of Equity Interests in the Debtors (the "Ad Hoc Equity Committee") submitted a letter to the U.S. Trustee requesting appointment of an official

committee of equity security holders pursuant to section 1102(a) of the Bankruptcy Code. On March 16, 2016, the Bankruptcy Court entered the *Stipulation and Agreed Order By and Among Debtors and Certain Equity Holders Resolving Requests for the Appointment of an Official Committee of Equity Holders* entered by the Bankruptcy Court on March 16, 2016 [Docket No. 356], which provides, among other things, that no official committee of equity security holders will be appointed in the Chapter 11 Cases and allows the Ad Hoc Equity Committee to undertake a specified list of tasks on behalf of the Debtors' preferred and common equity holders.

On April 24, 2017, the Ad Hoc Equity Committee filed the *Ad Hoc Equity Committee's (A) Preliminary Objection to the Debtors' Disclosure Statement and (B) Request for Valuation Hearing* [Docket No. 641] (the "Equity Committee Objection"). In the Equity Committee Objection, the Ad Hoc Equity Committee disagrees with the Debtors' enterprise valuation and challenges the sufficiency of the valuation information provided in the *Disclosure Statement Relating to the Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 216]. The Ad Hoc Equity Committee further requests that the Bankruptcy Court hold a valuation hearing before holding a hearing to approve this Disclosure Statement.

After its formation, the Ad Hoc Equity Committee retained Huron Consulting Services LLC ("Huron") to conduct a formal valuation of the Debtors. According to the Ad Hoc Equity Committee, Huron has concluded its valuation analysis and, based on that analysis, the Ad Hoc Equity Committee believes that Plan Value proposed by the Debtors "is hundreds of millions of dollars short." Equity Committee Objection at ¶ 3. According to Huron, the Debtors' reorganization value is in the range of $2.1 billion to $2.6 billion, with a midpoint of $2.35 billion. *See id.* at ¶ 4. In the Ad Hoc Equity Committee's view, the Plan is not confirmable because it is premised on a Plan Value that is below the valuation analysis conducted by Huron.

The Debtors disagree with the Ad Hoc Equity Committee's position, as well as Huron's valuation analysis. After the Ad Hoc Equity Committee filed the Equity Committee Objection, the Debtors filed this Disclosure Statement, which includes the Valuation Analysis attached hereto as **Exhibit G**. The Valuation Analysis was prepared by Evercore, the Debtors' investment banker. The Debtors believe that this Disclosure Statement, including the Valuation Analysis, exceeds the requirements of section 1125 of the Bankruptcy Code which provides, in pertinent part, that "[t]he court may approve a disclosure statement without a valuation of the debtor or an appraisal of the debtor's assets." 11 U.S.C. § 1125(b).

To the extent that the Ad Hoc Equity Committee disagrees with the substance of the Debtors' Valuation Analysis, its disagreements are properly characterized as objections to confirmation of the Plan rather than objections to the adequacy of information in the Disclosure Statement and, thus, should be considered at the Confirmation Hearing rather than at the disclosure statement hearing. The Debtors and their advisors believe that the Valuation Analysis accurately reflects the Debtors' enterprise valuation and supports confirmation of the Plan.

H. Retention of Professionals

The Debtors filed applications for, and the Bankruptcy Court entered orders approving, the retention of various professionals to assist the Debtors in carrying out their duties as debtors in possession and to represent their interests in the Chapter 11 Cases:

- Opportune LLP ("Opportune"), as restructuring advisor [Docket Nos. 113 and 282];
- Prime Clerk LLC, as the Solicitation Agent [Docket Nos. 15 and 64];
- Evercore Group L.L.C. ("Evercore"), as investment banker [Docket Nos. 114 and 422]; and
- Paul Hastings LLP, as restructuring counsel [Docket Nos. 111 and 281].

I. Consideration of Alternative Proposals

The Debtors may determine to terminate the RSA if the board of directors or board of managers, as applicable, of any Debtor entity determines, after receiving advice from counsel, that proceeding with the transactions contemplated by the RSA (including the Plan or solicitation of the Plan) would be inconsistent with the exercise of their fiduciary duties.

J. Encana Litigation

On February 23, 2017, Encana commenced an adversary proceeding (the "Encana Adversary Proceeding") against Vanguard Operating seeking declaratory and other relief related to the Encana Agreement. In its amended adversary complaint, Encana asserts, among other things, that:

- Encana has earned certain leasehold interests in approximately 800 gross and 509 net acres in Glasscock County, that such interests should be excluded from Vanguard Operating's estate pursuant to section 541(b)(4)(A) of the Bankruptcy Code, and that Encana is entitled to a judgment awarding Encana possession of and title to such interests;
- Encana has certain drilling rights, and Vanguard Operating has certain assignment obligations, with respect to more than 3,000 gross acres of undeveloped acreage in Glasscock County and that such drilling rights and assignment obligations are excluded from Vanguard Operating's estate pursuant to section 541(b)(4)(A) of the Bankruptcy Code; and
- the alleged drilling rights and assignment obligations with respect to the undeveloped acreage are covenants running with the land or equitable servitudes.

On March 9, 2017, Vanguard Operating filed its motion to dismiss (the "Motion to Dismiss") certain of the claims asserted in the Encana Adversary Proceeding, including Encana's claims that it owns the drilling rights in the undeveloped Glasscock County acreage and that such

rights are covenants running with the land and equitable servitudes. Vanguard believes that the development rights with respect to the unearned acreage belong to Vanguard Operating, because, among other things, the Encana Agreement did not validly convey any property rights to Encana. Moreover, Vanguard believes that the Encana Agreement did not create covenants running with the land because, among other things, nothing in the Encana Agreement indicates that the parties intended to create such a covenant. Vanguard also believes that no equitable servitudes were created under the Encana Agreement because, among other things, Encana did not and does not own a dominant estate that would benefit from the purported restrictive covenant.

On April 5, 2017, the Bankruptcy Court entered an order permitting Vanguard Operating to reject the Encana Agreement, but without determining the scope of the effectiveness of such rejection and the extent of estate property with respect to the acreage in Glasscock County, which matters will be determined in the Encana Adversary Proceeding.

After the April 13, 2017 hearing on the Motion to Dismiss, the Bankruptcy Court took the matter under advisement. No ruling has been issued by the Bankruptcy Court as of the date of this Disclosure Statement. Vanguard Operating is prepared to litigate the Encana Adversary Proceeding to a conclusion. Vanguard Operating also reserves all its rights to assert counterclaims against Encana, including with respect to the leasehold interests that Encana alleges it has earned under the Encana Agreement, which interests have not been assigned to Encana nor recorded in Glasscock County. Given that the claims asserted by Encana raise a number of issues of first impression, the outcome of the Encana Adversary Proceeding is highly uncertain.

K. Other Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases.

Following commencement of the Chapter 11 Cases, certain litigation counterparties, have filed, or may file in the future, requests to modify or lift the automatic stay to continue pursuing their prepetition litigation against the Debtors. The Debtors will evaluate all such requests for relief from the automatic stay on a case-by-case basis and object or resolve on a consensual basis, as appropriate.

L. Rejection and Assumption of Executory Contracts and Unexpired Leases

Prior to the Petition Date and in the ordinary course of business, the Debtors entered into certain Executory Contracts and Unexpired Leases. The Debtors, with the assistance of their advisors, are reviewing the Executory Contracts and Unexpired Leases to identify contracts and leases to either assume or reject pursuant to sections 365 or 1123 of the Bankruptcy Code.

On February 2, 2017, the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing Rejection of Certain Executory Contracts and Unexpired Leases, Effective* Nunc Pro Tunc *to the Petition Date* [Docket No. 16] (the "Rejection Motion"), seeking authority to reject certain Executory Contracts and Unexpired Leases. The Bankruptcy Court granted the Rejection Motion by orders dated March 1, 2017, and April 5, 2017 [Docket Nos. 277 & 514].

The Debtors may file additional motions seeking to assume or reject certain Executory Contracts or Unexpired Leases. Additionally, the Plan Supplement will include information regarding the assumption or rejection of the remaining Executory Contracts and Unexpired Leases. Any Executory Contracts or Unexpired Leases not addressed during the Chapter 11 Cases will be treated in accordance with Article V of the Plan.

M. Settlement with the Creditors' Committee

The Debtors have reached a comprehensive settlement with the Creditors' Committee. The material terms of the settlement are as follows:

- A Holder of an Allowed General Unsecured Claim may elect to either (i) receive (x) its Pro Rata share of the GUC Equity Pool and (y) if such Holder is a GUC Eligible Holder, the opportunity to participate in the GUC Rights Offering in accordance with the terms of this Plan and the GUC Rights Offering Procedures or (ii) participate in the GUC Cash Pool. The GUC Cash Pool will consist of $3.75 million in cash, and if the Holder of an Allowed General Unsecured Claim elects to participate in the GUC Cash Pool, such Holder will receive, following Allowance of its Claim, Cash equal to 12% of the amount of its Allowed General Unsecured Claim; *provided*, that (i) if the GUC Cash Pool has been exhausted, Holders of Allowed General Unsecured Claims will no longer be able to elect to participate in the GUC Cash Pool, and all such Holders will receive the treatment described in Article III.B.7(b)(i) of the Plan; and (ii) *provided further* that the Reorganized Debtors shall retain any Cash left in the GUC Cash Pool following the resolution of all Disputed Claims and the payment of all Cash required by Article III.B.7(c) of the Plan.

- The GUC Equity Pool will consist of a number of shares of New Common Stock (subject to dilution by: (a) the New Common Stock issuable upon exercise of the New Warrants; (b) the New Management Incentive Plan; (c) the GUC Rights Offering Equity, and (d) New Common Stock issuable to Encana) equal to (x) 0.00000000628571% multiplied by (y) the total amount of Allowed General Unsecured Claims multiplied by (z) the number of shares of New Common Stock

as of the Effective Date; *provided* that in no event shall the GUC Equity Pool exceed 0.22% of New Common Stock as of the Effective Date.

- Trade Claims of up to $3 million.

This foregoing settlement represents a significant step forward in the Chapter 11 Cases. The compromises and settlements to be implemented pursuant to the Plan preserve value by enabling the Debtors to avoid costly and time-consuming litigation with the Creditors' Committee that could delay the Debtors' emergence from chapter 11.

VIII. RISK FACTORS

Holders of Claims or Equity Interests should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims or Equity Interests under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims or Equity Interests in such Impaired Classes.

1. Parties in Interest May Object to the Plan's Classification of Claims and Equity Interests

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

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article IX of the Plan, the Confirmation Date and the Effective Date of the Plan are subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Confirmation Date and/or the Effective Date will not take place.

3. The Debtors May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or transaction would be similar or as favorable to the Holders of Allowed Claims or Equity Interests as those proposed in the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-

accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting Holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or Equity Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, Holders of Allowed Claims or Equity Interests would ultimately receive on account of such Allowed Claims or Equity Interests.

Confirmation of the Plan is also subject to certain conditions as described in Article IX of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims or Equity Interests will receive on account of such Allowed Claims or Equity Interests.

The Debtors, subject to the terms and conditions of the Plan, the RSA, the Backstop Agreement, and the Second Lien Investment Agreement, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting Class, as well as any Class junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

5. Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

6. Continued Risk upon Confirmation

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in consumer demand for, and acceptance of, their oil and natural gas, and increasing expenses. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.[31]

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

7. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time rather than reorganizing or selling in a controlled manner affecting the business as a going concern, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

Further, conversion to a case under chapter 7 is a Consenting Senior Note Holder Termination Event (as defined in the RSA). Occurrence of a Consenting Senior Note Holder

[31] On April 25, 2017, the Debtors filed a motion requesting entry of an order extending the Debtors' exclusive period to file a plan to August 15, 2017 and their exclusive period to solicit acceptances on a plan to October 16, 2017 (the "Exclusivity Motion"). A hearing on the Exclusivity Motion is scheduled for May 30, 2017.

Termination Event entitles, but does not require, the Required Consenting Senior Note Holders (as defined in the RSA) to terminate the RSA (as more fully set forth therein). The Debtors anticipate that such parties would exercise their termination rights under the RSA if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

8. The Debtors May Object to the Amount or Classification of a Claim or Equity Interest

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim or Equity Interest where such Claim or Equity Interest is subject to an objection. Any Holder of a Claim or Equity Interest that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

9. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur. If the Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan, this Disclosure Statement, the RSA, the Backstop Agreement, and the Second Lien Investment Agreement shall: (a) constitute a waiver or release of any Causes of Action by or Claims against or Equity Interests in the Debtors; (b) prejudice in any manner the rights of the Debtors, any Holder of a Claim or Equity Interest or any other Entity; (c) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any Holders of Claims or Equity Interests, or any other Entity in any respect; or (d) be used by the Debtors or any Entity as evidence (or otherwise) in any litigation, including with regard to the strengths or weaknesses of any of the parties' positions, arguments, or claims.

10. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims or Equity Interests under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims or Equity Interests to be subordinated to other Allowed Claims or Equity Interests. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims or Equity Interests under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and Equity Interests and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims and Equity Interests may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims or Equity Interests may vary from the estimated Claims or Equity Interests contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time the number or amount of Claims and Equity Interests that will ultimately be Allowed. Such

differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims or Equity Interests under the Plan.

11. Releases, Injunctions, and Exculpation Provisions May Not Be Approved

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Reorganized Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

B. Risks Related to Recoveries under the Plan

1. The Total Amount of Allowed General Unsecured Claims and Trade Claims May Be Higher Than Anticipated by the Debtors

With respect to Holders of Allowed General Unsecured Claims and Trade Claims, the claims filed against the Debtors' estates may be materially higher than the Debtors have estimated.

2. The Debtors May Not Be Able to Achieve Their Projected Financial Results

The Reorganized Debtors may not be able to achieve their projected financial results. The financial projections set forth in this Disclosure Statement represent the Debtors' management team's best estimate of the Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the industry segments in which the Debtors operate in particular. While the Debtors believe that the financial projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Debtors do not achieve their projected financial results, the value of the New Common Stock may be negatively affected and the Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date. Moreover, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

3. The New Second Lien Notes, New Common Stock, or New Warrants May Not Be Publicly Traded

The New Second Lien Notes, New Common Stock, and New Warrants to be issued under the Plan may not initially be listed on or traded on any nationally recognized market or exchange. Accordingly, there can be no assurance that an active trading market for the New Second Lien Notes, New Common Stock, or New Warrants (as applicable) will develop, nor can any assurance be given as to the prices at which such securities might be traded. In the event an active trading market does not develop, the ability to transfer or sell the New Second Lien Notes,

New Common Stock, or New Warrants (as applicable) may be substantially limited. Finally, there can be no assurance that even if an active trading market does develop, that such securities will trade at prices that are anywhere near (and in fact, may be materially different) to the recovery percentages as set forth in the Disclosure Statement.

4. The Trading Price for Shares of New Common Stock, or the New Warrants May Be Depressed Following the Effective Date

Assuming that the Effective Date occurs, shares of New Common Stock and New Warrants (as applicable) will be issued to Holders of certain Classes of Claims or Equity Interests (as applicable). Following the Effective Date of the Plan, shares of New Common Stock and New Warrants (as applicable) may be sold to satisfy withholding tax requirements. In addition, Holders of Claims or Equity Interests (as applicable) that receive shares of New Common Stock or New Warrants (as applicable) may seek to sell such securities in an effort to obtain liquidity. These sales and the volume of New Common Stock available for trading could cause the trading price for the shares of New Common Stock or the New Warrants (as applicable) to be depressed, particularly in the absence of an established trading market for the New Common Stock or the New Warrants (as applicable).

5. If the New Warrants are Exercised, the Underlying Shares of New Common Stock Will Be Eligible for Future Resale in the Public Market, Which Could Lead to "Market Overhang," Resulting in Dilution and Potentially Depressing the Trading Price of the New Common Stock

If the New Warrants are issued and become exercisable, a substantial number of additional shares of New Common Stock could be eligible for resale in the public market, which could depress the trading price of the New Common Stock. Reorganized VNR Finance also may grant options and equity awards pursuant to the New Management Incentive Plan and may grant additional options, warrants, or other convertible securities in the future. The exercise or conversion of the New Warrants (as applicable) or other options or convertible securities will dilute the percentage ownership of other Holders of the New Common Stock. If Holders of the New Common Stock sell substantial amounts of New Common Stock, shares issued upon the exercise of the New Warrants (as applicable) or other outstanding options or convertible securities in the public market, it could create a circumstance commonly referred to as an "overhang" and, in anticipation of which, the trading price of the New Common Stock could fall. An overhang may adversely affect Reorganized VNR Finance's ability to obtain financing on reasonable and acceptable terms whether or not sales have occurred or are occurring.

6. Certain Holders of New Common Stock or New Warrants Issued Under the Plan May Be Restricted in Their Ability to Transfer or Sell their Securities

To the extent that the New Common Stock, or New Warrants (as applicable) issued under the Plan are covered by section 1145(a) of the Bankruptcy Code, they may be resold by the Holders thereof without registration under the Securities Act unless the Holder is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code with respect to such

securities; *provided*, *however*, such rights or shares of such stock will not be freely tradable if, at the time of transfer, the Holder is an "affiliate" of Reorganized VNR Finance as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of such transfer. Such affiliate Holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act. Resales by Persons who receive New Common Stock or New Warrants (as applicable) pursuant to the Plan that are deemed to be "underwriters" would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or applicable law. Such Persons would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act.

The New Common Stock and the New Warrants (as applicable) may not initially be registered under the Securities Act or any state securities laws, and the Debtors make no representation regarding the right of any Holder of any New Common Stock or New Warrants (as applicable) to freely resell the New Common Stock (including, as applicable, shares issuable upon exercise of the New Warrants), or the New Warrants (as applicable). The GUC Rights Offering Equity, the 4(a)(2) Backstop Commitment Equity, the rights purchased by Accredited Investor Eligible Holders in the Accredited Investor Rights Offering, and the unsubscribed shares of New Common Stock purchased by the Backstop Parties pursuant to the Backstop Agreement (which excludes any shares issued on account of the Backstop Premium) will be issued in reliance upon section (4)(a)(2) of the Securities Act or Regulation D promulgated thereunder, and each will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration or an applicable exemption from registration under the Securities Act and other applicable law. *See* Article XII to this Disclosure Statement, entitled "CERTAIN SECURITIES LAW MATTERS," which begins on page 110.

7. Restricted Securities Issued under the Plan May Not Be Resold or Otherwise Transferred Unless They Are Registered Under the Securities Act or an Exemption from Registration Applies

To the extent that securities issued pursuant to the Plan are not covered by section 1145(a) of the Bankruptcy Code, such securities shall be issued pursuant to section 4(a)(2) under the Securities Act and will be deemed "restricted securities" that may not be sold, exchanged, assigned or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. Holders of such restricted securities may not be entitled to have their restricted securities registered and will be required to agree not to resell them except in accordance with an available exemption from registration under the Securities Act. Under Rule 144, the public resale of restricted securities is permitted if certain conditions are met, and these conditions vary depending on whether the Holder of the restricted securities is an "affiliate" of the issuer, as defined in Rule 144. A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period unless certain current public information regarding the issuer is not available at the time of sale, in which case the non-affiliate may resell after a one-year holding period. An affiliate may resell restricted securities after a six-month holding period but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also

complies with the volume, manner of sale and notice requirements of Rule 144. While the Debtors currently expect that the current public information requirement will be met when the six-month holding period expires, they cannot guarantee that resales of the restricted securities will qualify for an exemption from registration under Rule 144. In any event, Holders of restricted securities should expect to be required to hold their restricted securities for at least six months.

Holders of New Second Lien Notes, New Common Stock, or New Warrants (as applicable) who are deemed to be "underwriters" under section 1145(b) of the Bankruptcy Code will also be subject to restrictions under the Securities Act on their ability to resell those securities. Resale restrictions are discussed in more detail in Article XII to this Disclosure Statement, entitled "CERTAIN SECURITIES LAW MATTERS," which begins on page 110.

8. Certain Significant Holders of Shares of New Common Stock May Have Substantial Influence Over the Reorganized Debtors Following the Effective Date

Assuming that the Effective Date occurs, the Backstop Parties, pursuant to the Backstop Agreement, may receive a substantial percentage of the outstanding shares of New Common Stock in the form of the Rights Offering Equity. As a result, the Backstop Parties, as well as any other Holders of Claims or Equity Interests (as applicable) who receive distributions representing a substantial percentage of the outstanding shares of the New Common Stock (including, as applicable, shares issued upon exercise of the New Warrants), may be in a position to influence matters requiring approval by the Holders of shares of New Common Stock, including, among other things, the election of directors and the approval of a change of control of the Reorganized Debtors. The Backstop Parties, or other Holders, may have interests that differ from those of the other Holders of shares of New Common Stock and may vote in a manner adverse to the interests of other Holders of shares of New Common Stock. This concentration of ownership may facilitate or may delay, prevent, or deter a change of control of the Reorganized Debtors and consequently impact the value of the shares of the New Common Stock or the New Warrants (as applicable). In addition, one or more of the Backstop Parties, or other holders of a significant number of shares of New Common Stock, may sell all or a large portion of its shares of New Common Stock within a short period of time, which sale may adversely affect the trading price of the shares of New Common Stock or the New Warrants (as applicable). One or more of the Backstop Parties, or other Holders of a significant number of shares of New Common Stock, may, on its own account, pursue acquisition opportunities that may be complementary to the Reorganized Debtors' businesses, and as a result, such acquisition opportunities may be unavailable to the Reorganized Debtors. Such actions by the Backstop Parties or other Holders of a significant number of shares of New Common Stock may have a material adverse impact on the Reorganized Debtors' businesses, financial condition, and operating results.

9. Reorganized VNR Finance Does Not Expect to Pay Cash Dividends on the New Common Stock for the Foreseeable Future

The terms of the Exit Facility and any other new debt may limit, among other things, Reorganized VNR Finance's ability to pay dividends.

10. Certain Securities Law Implications of the Plan

Holders of Allowed Claims or Equity Interests should carefully review Article XII of this Disclosure Statement, entitled "CERTAIN SECURITIES LAW MATTERS," which begins on page 110, to determine how the securities law implications of the Plan and the Chapter 11 Cases may adversely affect the Reorganized Debtors and Holders of Claims or Equity Interests.

11. Certain Tax Implications of the Plan

Holders of Allowed Claims or Equity Interests should carefully review Article XIII of this Disclosure Statement, entitled "CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN," which begins on page 116, to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Reorganized Debtors and Holders of Claims or Equity Interests.

12. The Debtors May Not Be Able to Accurately Report Their Financial Results

The Debtors have established internal controls over financial reporting. However, internal controls over financial reporting may not prevent or detect misstatements or omissions in the Debtors' financial statements because of their inherent limitations, including the possibility of human error, and the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Debtors fail to maintain the adequacy of their internal controls, the Debtors may be unable to provide financial information in a timely and reliable manner within the time periods required for the Debtors' financial reporting under SEC rules and regulations and the terms of the agreements governing the Debtors' indebtedness. Any such difficulties or failure could materially adversely affect the Debtors' business, results of operations, and financial condition. Further, the Debtors may discover other internal control deficiencies in the future and/or fail to adequately correct previously identified control deficiencies, which could materially adversely affect the Debtors' businesses, results of operations, and financial condition.

13. The Plan May Not Be Feasible If the Proceeds From the Sale of the Glasscock Assets Are Not Available to Reduce Outstanding Lender Claims

The Debtors intend to use net Cash proceeds from the sale of the Glasscock Assets and the subsequent sale of the Additional Glasscock Assets to, among other things, reduce certain outstanding Lender Claims in connection with Consummation of the Plan. However, the Plan may not be feasible if the Bankruptcy Court determines that the proceeds from the sale of the Glasscock Assets are subject to certain interests asserted by Encana and the net Cash proceeds are not available to reduce outstanding Lender Claims in connection with Consummation of the Plan.

C. Risks Related to the Debtors' and the Reorganized Debtors' Businesses

1. The Reorganized Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness

The Reorganized Debtors will emerge from chapter 11 carrying approximately $78.075 million in principal amount of the New Second Lien Notes, plus accrued and unpaid postpetition interest through the Effective Date, and borrowings of approximately $975 million under the Exit Facility. The Reorganized Debtors' ability to make scheduled payments on, or refinance their debt obligations, including the New Second Lien Notes and Exit Facility, depends on the Reorganized Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Reorganized Debtors' control. The Reorganized Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Reorganized Debtors to pay the principal, premium, if any, and interest on their indebtedness, including, without limitation, anticipated borrowings under the Exit Facility and the New Second Lien Notes upon emergence.

2. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, royalty interest Holders, working interest Holders, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

3. Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses

The Debtors' future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' businesses. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the proceedings related to the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. The Chapter 11 Cases are also supported by debtor-in-possession financing. If the Debtors are unable to fully draw on the availability under the DIP Facility, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

4. Financial Results May Be Volatile and May Not Reflect Historical Trends

During the Chapter 11 Cases, the Debtors expect that their financial results will continue to be volatile as asset impairments, asset dispositions, restructuring activities and expenses, contract terminations and rejections, and claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date.

In addition, if the Debtors emerge from chapter 11, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors also may be required to adopt fresh start accounting, in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting also may be different from historical trends.

5. The Debtors' Substantial Liquidity Needs May Impact Production Levels and Revenue

The Debtors' principal sources of liquidity historically have been cash flow from operations, sales of oil and natural gas properties, borrowings under the Credit Agreement and issuances of debt or equity securities. If the Debtors' cash flow from operations remains depressed or decreases as a result of lower commodity prices or otherwise, the Debtors' ability to expend the capital necessary to replace proved reserves, maintain leasehold acreage, or maintain current production may be limited, resulting in decreased production and proved reserves over time.

The Debtors face uncertainty regarding the adequacy of their liquidity and capital resources and have extremely limited, if any, access to additional financing. In addition to the cash necessary to fund ongoing operations, the Debtors have incurred significant professional fees and other costs in connection with preparing for the Chapter 11 Cases and expect to continue to incur significant professional fees and costs throughout the Chapter 11 Cases. The Debtors cannot guarantee that cash on hand, cash flow from operations, and cash provided by the DIP Facility will be sufficient to continue to fund their operations and allow the Debtors to satisfy obligations related to the Chapter 11 Cases until the Debtors are able to emerge from bankruptcy protection.

The Debtors' liquidity, including the ability to meet ongoing operational obligations, will be dependent upon, among other things: (a) their ability to comply with the terms and conditions of any debtor-in-possession financing and/or cash collateral order entered by the Bankruptcy Court in connection with the Chapter 11 Cases; (b) their ability to maintain adequate cash on hand; (c) their ability to generate cash flow from operations; (d) their ability to develop, confirm, and consummate a chapter 11 plan or other alternative restructuring transaction; (e) the availability of incremental draws under the DIP Facility; and (f) the cost, duration, and outcome of the Chapter 11 Cases. The Debtors' ability to maintain adequate liquidity depends, in part, upon industry conditions and general economic, financial, competitive, regulatory, and other factors beyond the Debtors' control. In the event that cash on hand, cash flow from operations, and cash provided under the DIP Facility are not sufficient to meet the Debtors' liquidity needs, the Debtors may be required to seek additional financing. The Debtors can provide no assurance that additional financing would be available or, if available, offered to the Debtors on acceptable terms. The Debtors' access to additional financing is, and for the foreseeable future likely will continue to be, extremely limited if it is available at all. The Debtors' long-term liquidity requirements and the adequacy of their capital resources are difficult to predict at this time.

6. Drilling for and Producing Oil, Natural Gas and NGLs are High-Risk Activities with Many Uncertainties that Could Adversely Affect the Debtors' Financial Condition or Results of Operations

The Debtors' drilling activities are subject to many risks, including the risk that they will not discover commercially productive reservoirs. Drilling for oil or natural gas can be uneconomical, not only from dry holes, but also from productive wells that do not produce sufficient revenues to be commercially viable. In addition, the Debtors' drilling and producing

operations may be curtailed, delayed or canceled as a result of other factors, including, but not limited to:

- the high cost, shortages or delivery delays of equipment and services;
- shortages of or delays in obtaining water for hydraulic fracturing operations;
- unexpected operational events and conditions;
- adverse weather conditions;
- human errors;
- facility or equipment malfunctions;
- title deficiencies that can render a lease worthless;
- compliance with environmental and other governmental requirements;
- unusual or unexpected geological formations;
- loss of drilling fluid circulation;
- formations with abnormal pressures;
- environmental hazards, such as natural gas leaks, oil spills, pipeline and tank ruptures, encountering naturally occurring radioactive materials, and unauthorized discharges of brine, well stimulation and completion fluids, toxic gases or other pollutants into the surface and subsurface environment;
- fires;
- blowouts, craterings and explosions;
- uncontrollable flows of oil, natural gas or well fluids; and
- pipeline capacity curtailments.

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

The Debtors ordinarily maintain insurance against various losses and liabilities arising from their operations; however, insurance against all operational risks is not available to the Debtors. Additionally, the Debtors may elect not to obtain insurance if they believe that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could have a

material adverse impact on the Debtors' business activities, financial condition and results of operations.

7. Oil and Natural Gas Prices Are Volatile Due to Factors Beyond the Debtors' Control. Sustained Lower Prices or any Further Decline in Prices of Oil, Natural Gas and NGLs Could Have a Material Adverse Impact on the Debtors

The Debtors' financial condition, profitability and future growth and the carrying value of their oil and natural gas properties depend substantially on prevailing oil, natural gas and NGLs prices. Prices also affect the amount of cash flow available for capital expenditures and the Debtors' ability to borrow and raise additional capital.

Historically, the markets for oil, natural gas and NGLs have been volatile, and they are likely to continue to be volatile in the future, especially given current geopolitical and economic conditions. During 2014, 2015 and the beginning of 2016, for example, oil, natural gas and NGLs prices decreased dramatically. The crude oil spot price per barrel during the years ended December 31, 2014 and 2015 ranged from a high of $107.95 to a low of $34.55 and the NYMEX natural gas spot price per MMBtu during the same period ranged from a high of $6.15 to a low of $1.76. NGLs prices also suffered a similar decline. As of May 24, 2017, the crude oil price per barrel was $51.38 and the NYMEX natural gas spot price per MMBtu was $3.20.

The prices for oil, natural gas and NGLs are volatile due to a variety of factors, including, but not limited to:

- the domestic and foreign supply of oil and natural gas;
- the ability of members of the Organization of Petroleum Exporting Countries ("OPEC") and other producing countries to agree upon production levels which have an impact on oil prices;
- social unrest and political instability, particularly in major oil and natural gas producing regions outside the United States, such as the Middle East, and armed conflict or terrorist attacks, whether or not in oil or natural gas producing regions;
- the level and growth of consumer product demand;
- labor unrest in oil and natural gas producing regions;
- weather conditions, including hurricanes and other natural occurrences that affect the supply and/or demand of oil and natural gas;
- the price and availability of alternative fuels and renewable energy sources;
- the impact of the U.S. dollar exchange rates on commodity prices;
- the price of foreign imports;

- technological advances affecting energy consumption;
- worldwide economic conditions; and
- the availability of liquid natural gas imports.

These external factors and the volatile nature of the energy markets make it difficult to estimate future prices of oil, natural gas and NGLs.

Sustained lower prices or any further decline in prices of oil, natural gas and NGLs prices would not only reduce the Debtors' revenue, but could reduce the amount of oil, natural gas and NGLs that they can produce economically, cause the Debtors to delay or postpone their planned capital expenditures and result in further impairments to their oil and gas properties, all of which could have a material adverse effect on the Debtors' financial condition, results of operations and reserves. If the oil and gas industry continues to experience low prices or experiences significant further price declines, the Debtors may, among other things, be unable to maintain or increase their borrowing capacity, repay current or future indebtedness or obtain additional capital on attractive terms.

8. The Debtors' Future Distributions and Proved Reserves Will Be Dependent upon the Success of the Debtors' Efforts to Prudently Acquire, Manage, and Develop Oil and Natural Gas Properties

In addition to ownership of the properties currently owned by the Debtors, unless the Debtors acquire properties in the future containing additional proved reserves or successfully develop proved reserves on their existing properties, their proved reserves will decline as the reserves attributable to the underlying properties are produced. In addition, if the costs to develop or operate the Debtors' properties increase, the estimated proved reserves associated with properties will be reduced below the level that would otherwise be estimated. The Debtors will manage and develop their properties, and the ultimate value to them of such properties which they acquire will be dependent upon the price they pay and their ability to prudently acquire, manage and develop such properties.

Suitable acquisition candidates may not be available on terms and conditions that the Debtors find acceptable, they may not be able to obtain financing for certain acquisitions, or they may be outbid by competitors. If the Debtors are unable to acquire properties containing additional proved reserves, their total level of additional proved reserves will decline as a result of their production, and the Debtors will be limited in their ability to pay cash distributions to their unitholders. Even if future acquisitions are completed, they may pose substantial risks to the Debtors' businesses, financial conditions and results of operations.

9. Unless the Debtors Replace Their Reserves, Their Existing Reserves and Production Will Decline, Which Would Adversely Affect the Debtors' Cash Flow from Operations

Producing oil and natural gas wells extract hydrocarbons from underground structures referred to as reservoirs. Reservoirs contain a finite volume of hydrocarbon reserves referred to

as reserves in place. Based on prevailing prices and production technologies, only a fraction of reserves in place can be recovered from a given reservoir. The volume of the reserves in place that is recoverable from a particular reservoir is reduced as production from that well continues. The reduction is referred to as depletion. Ultimately, the economically recoverable reserves from a particular well will deplete entirely, and the producing well will cease to produce and will be plugged and abandoned. In that event, the Debtors must replace their reserves. The Debtors can give no assurances that the distributions their unitholders receive over the life of their investment will meet or exceed their initial capital investment.

10. The Debtors' Estimated Reserves are Based on Many Assumptions that May Prove to be Inaccurate. Any Material Inaccuracies in these Reserve Estimates or Underlying Assumptions will Materially Affect the Quantities and Present Value of the Debtors' Reserves

No one can measure underground accumulations of oil or natural gas in an exact way. Oil and natural gas reservoir engineering requires subjective estimates of underground accumulations of oil and/or natural gas and assumptions concerning future oil and natural gas prices, production levels, and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. The Debtors prepare their own estimates of proved reserves and engage DeGolyer and MacNaughton, an independent petroleum engineering firm, to audit a substantial portion of their reserves. Some of the Debtors' reserve estimates are made without the benefit of a lengthy production history, which are less reliable than estimates based on a lengthy production history. Also, the calculation of estimated reserves requires certain assumptions regarding future oil and natural gas prices, production levels, and operating and development costs, any of which assumptions may prove incorrect. Any significant variance from these assumptions by actual figures could greatly affect the Debtors' estimates of reserves, the economically recoverable quantities of oil, natural gas and NGLs attributable to any particular group of properties, the classifications of reserves based on risk of recovery, and estimates of the future net cash flows.

11. The Debtors' Acquisition Activities will Subject the Debtors to Certain Risks

A principal component of the Debtors' business strategy is to grow their asset base and production through the acquisition of oil and natural gas properties characterized by long-lived, stable production. The Debtors have therefore historically expanded their operations through acquisitions.

Any acquisition involves potential risks, including, but not limited to, the following, which could reduce the amount of cash available from the affected properties:

- the validity of the Debtors' assumptions about reserves, future production, revenues and costs, including synergies;

- unforeseen difficulties encountered in operating in new geographic areas;

- some of the acquired properties may not produce revenues, reserves, earnings or cash flow at anticipated levels;
- the Debtors may assume liabilities, including environmental liabilities, that were not disclosed or that exceed their estimates, losses or costs for which the Debtors are not indemnified or for which the Debtors' indemnity is inadequate;
- the Debtors may be unable to integrate acquired properties successfully and may not realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;
- acquisitions could decrease the Debtors' liquidity by using a significant portion of the Debtors' available cash or borrowings to finance acquisitions;
- acquisitions could disrupt the Debtors' ongoing business, distract management, divert resources and make it difficult to maintain the Debtors' current business standards, controls and procedures;
- an inability to hire, train or retain qualified personnel to manage and operate the Debtors' growing business and assets;
- the Debtors may incur a significant increase in their interest expense or financial leverage if the Debtors incur additional debt related to future acquisitions;
- an increase in the Debtors' costs or a decrease in their revenues associated with any potential royalty owner or landowner claims or disputes;
- customer or key employee losses at the acquired businesses; and
- acquisitions could cause other significant changes, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation or restructuring charge.

The Debtors' decision to acquire a property will depend in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses and seismic and other information, the results of which are often inconclusive and subject to various interpretations. Also, the Debtors' reviews of acquired properties are inherently incomplete because it generally is not feasible to perform an in-depth review of the individual properties involved in each acquisition. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit the Debtors to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken.

12. The Debtors Have Limited Control over the Activities on Properties the Debtors do not Operate

Other companies operate some of the properties in which the Debtors have an interest. As of December 31, 2016, the Debtors' operated wells accounted for approximately 65% of their total estimated proved reserves, while non-operating interests accounted for approximately 35% of their total estimated proved reserves. The Debtors have limited ability to influence or control the operation or future development of these non-operated properties, including timing of drilling and other scheduled operations activities, compliance with environmental, safety and other regulations, or the amount of capital expenditures that they are required to fund with respect to them. In the past, the Debtors have changed their development plans for certain proved undeveloped reserves and expect future development plans may also change as the operators of the Debtors' outside operated properties adjust their capital plans based on prevailing market conditions. The failure of an operator of the Debtors' wells to adequately perform operations, an operator's breach of the applicable agreements or an operator's failure to act in ways that are in the Debtors' best interest could reduce the Debtors' production and revenues. The Debtors' dependence on the operator and other working interest owners for these projects and their limited ability to influence or control the operation and future development of these properties could materially adversely affect the realization of the Debtors' targeted returns on capital in drilling or acquisition activities and lead to unexpected future costs.

13. The Debtors are Subject to Complex Federal, State, Local, and Other Laws and Regulations that Could Adversely Affect the Cost, Manner, or Feasibility of Doing Business

The Debtors' operations are regulated extensively at the federal, state and local levels. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and abandon oil and natural gas wells. Under these laws and regulations, the Debtors could also be liable for personal injuries, property and natural resource damage and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of the Debtors' operations and subject them to administrative, civil and criminal penalties. Moreover, public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain drilling projects.

Part of the regulatory environment in which the Debtors operate includes, in some cases, legal requirements for obtaining environmental assessments, environmental impact studies and/or plans of development before commencing drilling and production activities. In addition, the Debtors' activities are subject to the regulations regarding conservation practices and protection of correlative rights. These regulations affect the Debtors' operations and limit the quantity of natural gas the Debtors may produce and sell. A major regulatory requirement inherent in the Debtors' drilling plans is the need to obtain drilling permits from state and local authorities. Delays in obtaining regulatory approvals or drilling permits, the failure to obtain a drilling permit for a well or the receipt of a permit with unreasonable conditions or costs could have a material adverse effect on the Debtors' ability to develop their properties. Additionally, the oil and natural gas regulatory environment could change in ways that might substantially increase the financial and managerial costs of compliance with these laws and regulations and,

consequently, adversely affect the Debtors' profitability. At this time, the Debtors cannot predict the effect of this increase on their results of operations. Furthermore, the Debtors may be put at a competitive disadvantage to larger companies in their industry that can spread these additional costs over a greater number of wells and larger operating staff.

14. The Debtors are Subject to Compliance with Environmental and Occupational Safety and Health Laws and Regulations that May Expose the Debtors to Significant Costs and Liabilities

The operations of the Debtors' wells are subject to stringent and complex federal, state and local laws and regulations governing the discharge of materials into the environment, environmental protection, and the health and safety of employees. These laws and regulations may impose numerous obligations on the Debtors' operations including the acquisition of permits, including drilling permits, to conduct regulated activities; the incurrence of capital expenditures to mitigate or prevent releases of materials from the Debtors' facilities; restriction of types, quantities and concentration of materials that can be released into the environment; limitation or prohibition of construction and operating activities in environmental sensitive areas such as wetlands, wilderness regions and other protected areas; the imposition of substantial liabilities for pollution resulting from the Debtors' operations; and the application of specific health and safety criteria addressing worker protection. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of investigatory, corrective action or remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes impose joint and several strict liability for costs required to clean up and restore sites where hazardous substances or wastes have been disposed of or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property or natural resource damage allegedly caused by the release of hazardous substances or other waste products into the environment.

The Debtors may incur significant environmental costs and liabilities in the performance of their operations as a result of the Debtors' handling of petroleum hydrocarbons, hazardous substances and wastes, because of air emissions and wastewater discharges relating to their operations, and due to historical industry operations and waste disposal practices by the Debtors or prior operators or other third parties over whom the Debtors had no control. For example, an accidental release of petroleum hydrocarbons from one of the Debtors' wells could subject the Debtors to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury, property and natural resource damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase the Debtors' compliance costs and the cost of any remediation that may become necessary.

15. Federal Legislation and State Legislative and Regulatory Initiatives Relating to Hydraulic Fracturing, as well as Governmental Reviews of Such Activities, Could Result in Increased Costs, Operating Restrictions or Delays, and Adversely Affect the Debtors' Production

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand and chemicals under pressure into targeted subsurface formations to fracture the surrounding rock and stimulate production. The Debtors commonly use hydraulic fracturing as part of their operations.

While hydraulic fracturing is typically regulated by state oil and natural gas commissions, and other similar state agencies, increased federal interest has arisen in recent years. Some states in which the Debtors operate, including Montana, North Dakota, Texas and Wyoming, have adopted and other states are considering adopting legal requirements that could impose more stringent permitting public disclosure, or well construction requirements on hydraulic fracturing activities. States could elect to prohibit hydraulic fracturing altogether, as the State of New York announced in December 2014 with regard to fracturing activities in New York. Also, local government may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where the Debtors operate, the Debtors could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from drilling wells.

16. Commodity Prices and Hedging May Present Additional Risks

The Hedging Motion, if filed and granted, would authorize the Debtors to perform under new Hedging and Trading Arrangements on a postpetition basis. If the Debtors are unable or unwilling to enter into commodity derivatives in the future on favorable terms, the Debtors could be more affected by changes in commodity prices than their competitors that engage in favorable hedging arrangements. The Debtors' inability to hedge the risk of low commodity prices in the future, on favorable terms or at all, could have a material adverse impact on their businesses, financial condition, and results of operations.

The Debtors' actual future production may be significantly higher or lower than they estimate at the time the Debtors enter into derivative contracts for such period. If the actual amount of production is higher than the Debtors estimate, they will have greater commodity price exposure than they intended. If the actual amount of production is lower than the notional amount that is subject to the Debtors' derivative financial instruments, the Debtors might be forced to satisfy all or a portion of their derivative transactions without the benefit of the cash flow from their sale of the underlying physical commodity, resulting in a substantial diminution of the Debtors' liquidity. As a result of these factors, the Debtors' hedging activities may not be as effective as they intend in reducing the volatility of their cash flows, and in certain circumstances may actually increase the volatility of their cash flows. In addition, the Debtors' price risk management activities are subject to the following risks:

- a counterparty may not perform its obligation under the applicable derivative instrument;

- there may be a change in the expected differential between the underlying commodity price in the derivative instrument and the actual price received; and

- the steps the Debtors take to monitor their derivative financial instruments may not detect and prevent violations of their risk management policies and procedures.

The Debtors' price risk management arrangements in place will not fully mitigate the effect of oil, natural gas and NGLs price volatility, and the Debtors' revenue and results of operations will be adversely affected if prices remain at current levels or decline further.

17. The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases

The Debtors are currently subject to or interested in certain legal proceedings, some of which may adversely affect the Debtors. For example, please see Article VII.J of this Disclosure Statement, entitled "Encana Litigation," which begins on page 69.

In the future, the Reorganized Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims or Equity Interests under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to, nor the final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

18. The Loss of Key Personnel Could Adversely Affect the Debtors' Operations

The Debtors' operations are dependent on a relatively small group of key management personnel, including the Debtors' executive officers. The Debtors' recent liquidity issues and the Chapter 11 Cases have created distractions and uncertainty for key management personnel and employees. As a result, the Debtors may experience increased levels of employee attrition. Because competition for experienced personnel in the oil and gas industry can be significant, the Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale at the corporate and/or field levels could have a material adverse effect on the Debtors' ability to meet customer and counterparty expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

19. Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the Reorganized Debtors and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations on a post-reorganization basis.

IX. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the Holders of Claims or Equity Interests in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth in the exhibits annexed to the Disclosure Statement Order, which will be filed as **Exhibit E** and incorporated herein by reference.

The Disclosure Statement Order is incorporated herein by reference and should be read in conjunction with this Disclosure Statement and in formulating a decision to vote to accept or reject the Plan.

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY. PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER ATTACHED HERETO FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A letter from the Creditors' Committee urging creditors to vote to accept the Plan is included in the solicitation packages that will be distributed to Holders of General Unsecured Claims, Encana Claims, and Trade Claims that are entitled to vote to accept or reject the Plan.

A. Holders of Claims and Equity Interests Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all Holders of Claims against a Debtor or Equity Interests in a Debtor are entitled to vote on a chapter 11 plan. The table in Article IV.C of this Disclosure Statement, entitled "Am I entitled to vote on the Plan?," which begins on page 13, provides a summary of the status and voting rights of each Class (and, therefore, of each Holder within such Class absent an objection to the Holder's Claim or Equity Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from Holders of Claims or Equity Interests in Class 4, Class 5, Class 6, Class 7, Class 8, Class 9, Class 12, and Class 13 (collectively, the "Voting Classes"). The Holders of Claims or Equity Interests in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, Holders of Claims or Equity Interests in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are ***not*** soliciting votes from Holders of Claims or Equity Interests in Class 1, Class 2, Class 3, Class 10, Class 11, and Class 14. Additionally, the Disclosure Statement Order provides that certain Holders of Claims or Equity Interests in the Voting Classes, such as those Holders whose Claims or Equity Interests have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date

The Voting Record Date is [•], 2017. The Voting Record Date is the date on which it will be determined which Holders of Claims or Equity Interests in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims or Equity Interests have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the Holder of a Claim.

C. Voting on the Plan

The Voting Deadline is [•], 2017, at 4:00 p.m. (prevailing Central Time). In order to be counted as votes to accept or reject the Plan, all Ballots must be: (a) properly executed, completed, and delivered (either by using the return envelope provided, by first class mail, overnight courier, or personal delivery) so that the Ballots are **actually received** by the Solicitation Agent on or before the Voting Deadline at the below address; or (b) with respect to Class 4, Class 7, Class 8, and Class 9, Ballots may also be electronically submitted utilizing the online balloting portal maintained by the Solicitation Agent on or before the Voting Deadline.

DELIVERY OF BALLOTS

VANGUARD NATURAL RESOURCES, LLC BALLOT PROCESSING
C/O PRIME CLERK LLC
830 3RD AVENUE, 3RD FLOOR
NEW YORK, NY 10022

If you received an envelope addressed to your nominee, please return your Ballot to your nominee, allowing enough time for your nominee to cast your vote on a Ballot before the Voting Deadline.

IMPORTANT INFORMATION REGARDING PLAN RELEASES: Each Holder of a Claim or Equity Interest that (a) votes to accept the Plan or is deemed to accept the Plan, (b) abstains from voting on the Plan and who does not opt out of the releases provided by the Plan, or (c) votes to reject the Plan and who does not opt out of the releases provided by the Plan will be deemed to have released and discharged any and all Claims or Equity Interests and Causes of Action against the Debtors and the Released Parties. A Holder of a Claim or Equity Interest in a voting Class who abstains from voting and returns its Ballot may choose to opt out of granting the releases on its Ballot.

D. Ballots Not Counted

No Ballot will be counted toward Confirmation if, among other things: (a) it is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (b) it was transmitted by facsimile, email, or other electronic means other than as specifically set forth in the Ballots; (c) it was cast by an Entity that is not entitled to vote on the Plan; (d) it was cast for a Claim listed in the Debtors' Schedules as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no Proof of Claim was timely filed;

(e) it was cast for a Claim or Equity Interest that is subject to an objection pending as of 14 days before the Voting Deadline (unless temporarily allowed in accordance with the Disclosure Statement Order); (f) it was sent to the Debtors, the Debtors' agents/representatives (other than the Solicitation Agent), the Administrative Agent, an indenture trustee, or the Debtors' financial or legal advisors instead of the Solicitation Agent; (g) it is unsigned; or (h) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan. **Please refer to the Disclosure Statement Order for additional requirements with respect to voting to accept or reject the Plan.**

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE SOLICITATION AGENT TOLL-FREE AT 844-276-3026. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED.

X. RIGHTS OFFERING PROCEDURES[32]

The procedures and instructions for exercising the Rights and the GUC Rights are set forth in the Rights Offering Procedures and the GUC Rights Offering Procedures respectively, which are incorporated herein by reference and should be read in conjunction with this Disclosure Statement in formulating a decision to exercise the Rights or the GUC Rights. ***The discussion of the Rights Offering Procedures and the GUC Rights Offering Procedures set forth in this Disclosure Statement is only a summary. Please refer to the Rights Offering Procedures and the GUC Rights Offering Procedures attached hereto for a more comprehensive description.***

A. 1145 Rights Offering Procedures

Pursuant to the Plan, in the 1145 Rights Offering, each Eligible Claim Holder will receive rights to subscribe for its *Pro Rata* portion of a rights offering of 1145 Rights Offering Equity in an aggregate amount of $ 10,176,081 provided each Eligible Claim Holder (a) timely and properly executes and delivers its 1145 Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Rights Offering Subscription Agent or its Nominee, as applicable, in advance of the Subscription Expiration Deadline and (b) pays the aggregate Purchase Price as set forth in the 1145 Rights Offering Procedures. The Eligible Claim Holders will not have any over-subscription rights. Any unsubscribed shares from the 1145 Rights Offering will be purchased by the Backstop Parties pursuant to the Backstop Agreement.

No Eligible Claim Holder shall be entitled to participate in the 1145 Rights Offering unless the aggregate Purchase Price for the 1145 Rights Offering Equity it subscribes for is received by the Rights Offering Subscription Agent (a) in the case of an Eligible Claim Holder that is not a Backstop Party, by the Subscription Expiration Deadline, and (b) in the case of an Eligible Claim Holder that is a Backstop Party, no later than the deadline specified in a written notice delivered by or on behalf of the Debtors to the Backstop Parties in accordance with section 2.4 of the Backstop Agreement (the "Backstop Funding Deadline"), *provided* that the Backstop Parties may deposit their aggregate Purchase Price in the Escrow Account (as defined below), in accordance with the terms of the Backstop Agreement. No interest is payable on any advanced funding of the Purchase Price. If the 1145 Rights Offering is terminated for any reason, the aggregate Purchase Price previously received by the Rights Offering Subscription Agent will be returned to Eligible Claim Holders as provided in section 6 of the 1145 Rights Offering Procedures. No interest will be paid on any returned Purchase Price. Any Eligible Claim Holder who is not a Backstop Party submitting payment via its Nominee must coordinate such payment with its Nominee in sufficient time to allow the Nominee to forward such payment to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

TO PARTICIPATE IN THE 1145 RIGHTS OFFERING, EACH ELIGIBLE CLAIM HOLDER MUST COMPLETE ALL THE STEPS OUTLINED IN THE 1145

[32] Capitalized terms used in this Article X but not otherwise defined in this Disclosure Statement or the Plan have the meanings ascribed to them in the 1145 Rights Offering Procedures, the Accredited Investor Rights Offering Procedures, or the GUC Rights Offering Procedures, as applicable.

RIGHTS OFFERING PROCEDURES. IF ALL OF THE STEPS OUTLINED IN THE 1145 RIGHTS OFFERING PROCEDURES ARE NOT COMPLETED BY THE SUBSCRIPTION EXPIRATION DEADLINE OR THE BACKSTOP FUNDING DEADLINE, AS APPLICABLE, THE ELIGIBLE CLAIM HOLDER SHALL BE DEEMED TO HAVE FOREVER AND IRREVOCABLY RELINQUISHED AND WAIVED ITS RIGHT TO PARTICIPATE IN THE 1145 RIGHTS OFFERING.

To validly exercise its Rights, each Eligible Claim Holder that is not a Backstop Party must:

(a) return a duly completed and executed applicable 1145 Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable, so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

(b) at the same time it returns its 1145 Beneficial Holder Subscription Form(s) to its Nominee, but in no event later than the Subscription Expiration Deadline, pay, or arrange for the payment by its Nominee of, the applicable Purchase Price to the Rights Offering Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the applicable 1145 Beneficial Holder Subscription Form(s).

To validly exercise its Rights, each Eligible Claim Holder that is a Backstop Party must:

(a) return duly completed and executed applicable 1145 Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

(b) no later than the Backstop Funding Deadline, pay the applicable Purchase Price to the Rights Offering Subscription Agent or to the escrow account established and maintained by a third party satisfactory to the Backstop Parties and the Company (the "Escrow Account") by wire transfer **ONLY** of immediately available funds in accordance with the wire instructions included in the Funding Notice.

All Eligible Claim Holders must duly complete, execute and return the applicable 1145 Beneficial Holder Subscription Form(s) in accordance with the instructions herein to its Nominee in sufficient time to allow its Nominee to process its instructions and deliver to the Rights Offering Subscription Agent the Master 1145 Subscription Form, its completed 1145 Beneficial Holder Subscription Form(s), and, solely with respect to the Eligible Claim Holders that are not Backstop Parties, payment of the applicable Purchase Price, payable for the 1145 Rights Offering Equity elected to be purchased by such Eligible Claim Holder, by the Subscription Expiration Deadline. Eligible Claim Holders that are Backstop Parties must deliver their

payment of the applicable Purchase Price payable for the 1145 Rights Offering Equity elected to be purchased by such Backstop Party directly to the Rights Offering Subscription Agent or to the Escrow Account, as applicable, no later than the Backstop Funding Deadline.

In the event that the funds received by the Rights Offering Subscription Agent or the Escrow Amount, as applicable, from any Eligible Claim Holder do not correspond to the Purchase Price payable for the 1145 Rights Offering Equity elected to be purchased by such Eligible Claim Holder, the number of the 1145 Rights Offering Equity deemed to be purchased by such Eligible Claim Holder will be the lesser of (a) the number of the 1145 Rights Offering Equity elected to be purchased by such Eligible Claim Holder and (b) a number of the 1145 Rights Offering Equity determined by dividing the amount of the funds received by the Purchase Price, in each case up to such Eligible Claim Holder's *Pro Rata* portion of 1145 Rights Offering Equity.

The cash paid to the Rights Offering Subscription Agent in accordance with these 1145 Rights Offering Procedures will be deposited and held by the Rights Offering Subscription Agent in a segregated account until released to the Debtors in connection with the settlement of the 1145 Rights Offering on the Effective Date. The Rights Offering Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Rights Offering Subscription Agent under the 1145 Rights Offering Procedures shall not be deemed part of the Debtors' bankruptcy estates.

B. Accredited Investor Rights Offering Procedures

Pursuant to the Plan, in the Accredited Investor Rights Offering, each Accredited Investor Eligible Holder that has timely and validly completed and returned the Accredited Investor Questionnaire included as an exhibit to the Accredited Investor Beneficial Holder Subscription Form to the Rights Offering Subscription Agent or its Nominee, as applicable, in advance of the Subscription Expiration Deadline will receive rights to subscribe for its *Pro Rata* portion of a rights offering of Accredited Investor Rights Offering Equity in an aggregate amount of $117,698,919, provided each Accredited Investor Eligible Holder (a) timely and properly executes and delivers its Accredited Investor Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and the Accredited Investor Questionnaire) to the Rights Offering Subscription Agent or its Nominee, as applicable, in advance of the Subscription Expiration Deadline and (b) pays the aggregate Purchase Price as set forth in the Accredited Investor Rights Offering Procedures. The Accredited Investor Eligible Holders will not have any over-subscription rights. Any unsubscribed shares from the Accredited Investor Rights Offering will be purchased by the Backstop Parties pursuant to the Backstop Agreement.

No Accredited Investor Eligible Holder shall be entitled to participate in the Accredited Investor Rights Offering unless the aggregate Purchase Price for the Accredited Investor Rights Offering Equity it subscribes for is received by the Rights Offering Subscription Agent (a) in the case of a Accredited Investor Eligible Holder that is not a Backstop Party, by the Subscription Expiration Deadline, and (b) in the case of an Accredited Investor Eligible Holder that is a Backstop Party, no later than the Backstop Funding Deadline, *provided* that the Backstop Parties

may deposit their aggregate Purchase Price in the Escrow Account, in accordance with the terms of the Backstop Agreement. No interest is payable on any advanced funding of the Purchase Price. If the Accredited Investor Rights Offering is terminated for any reason, the aggregate Purchase Price previously received by the Rights Offering Subscription Agent will be returned to Accredited Investor Eligible Holders as provided in section 6 of the Accredited Investor Rights Offering Procedures. No interest will be paid on any returned Purchase Price. Any Accredited Investor Eligible Holder who is not a Backstop Party submitting payment via its Nominee must coordinate such payment with its Nominee in sufficient time to allow the Nominee to forward such payment to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

TO PARTICIPATE IN THE ACCREDITED INVESTOR RIGHTS OFFERING, EACH ACCREDITED INVESTOR ELIGIBLE HOLDER MUST COMPLETE ALL THE STEPS OUTLINED IN THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES. IF ALL OF THE STEPS OUTLINED IN THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES ARE NOT COMPLETED BY THE SUBSCRIPTION EXPIRATION DEADLINE OR THE BACKSTOP FUNDING DEADLINE, AS APPLICABLE, THE ACCREDITED INVESTOR ELIGIBLE HOLDER SHALL BE DEEMED TO HAVE FOREVER AND IRREVOCABLY RELINQUISHED AND WAIVED ITS RIGHT TO PARTICIPATE IN THE ACCREDITED INVESTOR RIGHTS OFFERING.

To validly exercise its Rights, each Accredited Investor Eligible Holder that is not a Backstop Party must:

(a) return a duly completed and executed applicable Accredited Investor Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable, so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

(b) at the same time it returns its Accredited Investor Beneficial Holder Subscription Form(s) to its Nominee, but in no event later than the Subscription Expiration Deadline, pay, or arrange for the payment by its Nominee of, the applicable Purchase Price to the Rights Offering Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the applicable Accredited Investor Beneficial Holder Subscription Form(s).

To validly exercise its Rights, each Accredited Investor Eligible Holder that is a Backstop Party must:

(a) return duly completed and executed applicable Accredited Investor Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such

documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

(b) no later than the Backstop Funding Deadline, pay the applicable Purchase Price to the Rights Offering Subscription Agent or to the Escrow Account by wire transfer **ONLY** of immediately available funds in accordance with the wire instructions included in the Funding Notice.

All Accredited Investor Eligible Holders must duly complete, execute and return the applicable Accredited Investor Beneficial Holder Subscription Form(s) in accordance with the instructions herein to its Nominee in sufficient time to allow its Nominee to process its instructions and deliver to the Rights Offering Subscription Agent the Master Accredited Investor Subscription Form, its completed Accredited Investor Beneficial Holder Subscription Form(s), and, solely with respect to the Accredited Investor Eligible Holders that are not Backstop Parties, payment of the applicable Purchase Price, payable for the Accredited Investor Rights Offering Equity elected to be purchased by such Accredited Investor Eligible Holder, by the Subscription Expiration Deadline. Accredited Investor Eligible Holders that are Backstop Parties must deliver their payment of the applicable Purchase Price payable for the Accredited Investor Rights Offering Equity elected to be purchased by such Backstop Party directly to the Rights Offering Subscription Agent or to the Escrow Account, as applicable, no later than the Backstop Funding Deadline.

In the event that the funds received by the Rights Offering Subscription Agent or the Escrow Amount, as applicable, from any Accredited Investor Eligible Holder do not correspond to the Purchase Price payable for the Accredited Investor Rights Offering Equity elected to be purchased by such Accredited Investor Eligible Holder, the number of the Accredited Investor Rights Offering Equity deemed to be purchased by such Accredited Investor Eligible Holder will be the lesser of (a) the number of the Accredited Investor Rights Offering Equity elected to be purchased by such Accredited Investor Eligible Holder and (b) a number of the Accredited Investor Rights Offering Equity determined by dividing the amount of the funds received by the Purchase Price, in each case up to such Accredited Investor Eligible Holder's *Pro Rata* portion of Accredited Investor Rights Offering Equity.

The cash paid to the Rights Offering Subscription Agent in accordance with these Accredited Investor Rights Offering Procedures will be deposited and held by the Rights Offering Subscription Agent in a segregated account until released to the Debtors in connection with the settlement of the Accredited Investor Rights Offering on the Effective Date. The Rights Offering Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Rights Offering Subscription Agent under the Accredited Investor Rights Offering Procedures shall not be deemed part of the Debtors' bankruptcy estates.

C. GUC Rights Offering Procedures

Pursuant to the Plan, each of Encana and each GUC Eligible Holder that has timely and validly completed and returned the Accredited Investor Questionnaire to the Rights Offering Subscription Agent in advance of the GUC Subscription Expiration Deadline will receive rights

to subscribe for up to its Claim Share (as defined below) of a rights offering of GUC Rights Offering Equity in an aggregate amount equal to the GUC Rights Offering Amount, provided that (a) it timely and properly executes and delivers its GUC Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and Accredited Investor Questionnaire) to the Rights Offering Subscription Agent in advance of the GUC Subscription Expiration Deadline and (b) it pays the aggregate Purchase Price set forth in the GUC Rights Offering Procedures. Failure to submit such GUC Subscription Forms on a timely basis will result in forfeiture of an Eligible Holder's rights to participate in the GUC Rights Offering. None of the Company or the Rights Offering Subscription Agent will have any liability for any such failure.

A "Claim Share" is: (a) with respect to Encana, 21.86% of the Encana Claims; and (b) with respect to each GUC Eligible Holder, 21.86% of such holder's General Unsecured Claim (subject to a maximum amount for all GUC Eligible Holders, following any reductions as calculated below, of $7,651,000, the "Maximum Allowed GUC Claims Shares"). Each of Encana's and each GUC Eligible Holder's Claim Share results in a number of shares of New Common Stock (the "Maximum Participation Amount") equal to such Claim Share divided by the Purchase Price.

If all or any portion of an Eligible Holder's Encana Claim or a General Unsecured Claim is determined not to be an Allowed Encana Claim or an Allowed General Unsecured Claim, the Maximum Participation Amount of such holder will be reduced such that the Maximum Participation Amount is calculated based only on such holder's Allowed Encana Claim or Allowed General Unsecured Claim (such reduced Maximum Participation Amount, the "Reduced Maximum Participation Amount"). If such reduction is made and the number of GUC Rights Offering Equity elected to be subscribed by such holder (the "Maximum Subscribed Shares") exceeds such holder's Reduced Maximum Participation Amount, such holder's Maximum Subscribed Shares will be reduced to equal the Reduced Maximum Participation Amount.

In the event the Maximum Subscribed Shares validly subscribed for by all Holders of Allowed General Unsecured Claims exceed the number of shares obtained by dividing the Maximum Allowed GUC Claims Shares by the Purchase Price (such number of shares, the "Maximum Aggregate GUC Participation Amount"), each GUC Eligible Holder shall be entitled to purchase a number of shares (the "Reduced GUC Rights Offering Shares") equal to its Maximum Subscribed Shares multiplied by the quotient obtained by dividing 1 by the quotient obtained by dividing the aggregate amount of Maximum Subscribed Shares validly requested by all GUC Eligible Holders by the Maximum Aggregate GUC Participation Amount.

If the Maximum Subscribed Shares validly subscribed for by all Holders of Allowed General Unsecured Claims are less than the Maximum Aggregate GUC Participation Amount, each GUC Eligible Holder's Maximum Subscribed Shares shall be its "Subscribed Shares" for purposes hereof. Otherwise, a GUC Eligible Holder's Reduced GUC Rights Offering Shares shall be its "Subscribed Shares." With respect to Encana, Encana's Maximum Subscribed Shares, calculated as described above, shall be its "Subscribed Shares."

Neither Encana nor a GUC Eligible Holder shall be entitled to participate in the GUC Rights Offering unless the aggregate Purchase Price for the GUC Rights Offering Equity it subscribes for is received by the Rights Offering Subscription Agent by the GUC Subscription Expiration Deadline. No interest is payable on any advanced funding of the Purchase Price. If the GUC Rights Offering is terminated for any reason, the Purchase Price previously received by the Rights Offering Subscription Agent will be returned to Encana or the GUC Eligible Holders as provided in section 6 of the GUC Rights Offering Procedures. No interest will be paid on any returned Purcahse Price.

TO PARTICIPATE IN THE GUC RIGHTS OFFERING, EACH ELIGIBLE HOLDER MUST COMPLETE ALL OF THE STEPS OUTLINED IN THE GUC RIGHTS OFFERING PROCEDURES. IF ALL OF THE STEPS OUTLINED IN THE GUC RIGHTS OFFERING PROCEDURES ARE NOT COMPLETED BY THE GUC SUBSCRIPTION EXPIRATION DEADLINE, THE ELIGIBLE HOLDER SHALL BE DEEMED TO HAVE FOREVER AND IRREVOCABLY RELINQUISHED AND WAIVED ITS RIGHT TO PARTICIPATE IN THE GUC RIGHTS OFFERING.

To validly exercise its GUC Rights, each Eligible Holder must:

(a) return duly completed and executed applicable GUC Subscription Form(s) to the Rights Offering Subscription Agent so that such documents are actually received by the Rights Offering Subscription Agent by the GUC Subscription Expiration Deadline; and

(b) at the same time it returns its GUC Subscription Form(s) to the Rights Offering Subscription Agent, but in no event later than the GUC Subscription Expiration Deadline, pay the applicable aggregate Purchase Price to the Rights Offering Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the GUC Subscription Form.

In the event that the funds received by the Rights Offering Subscription Agent from an Eligible Holder do not correspond to the aggregate Purchase Price payable for such Eligible Holder's Subscribed Shares, the number of Subscribed Shares deemed to be purchased by such Eligible Holder will be the lesser of (i) the number of Subscribed Shares and (ii) a number determined by dividing the amount of the funds received by the Purchase Price, and rounding down to the nearest whole number.

The cash paid to the Rights Offering Subscription Agent in accordance with the GUC Rights Offering Procedures will be deposited and held by the Rights Offering Subscription Agent in a segregated account until released to the Debtors in connection with the settlement of the GUC Rights Offering on the Effective Date. The Rights Offering Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Rights Offering Subscription Agent hereunder shall not be deemed part of the Debtors' bankruptcy estates.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (a) the Plan is accepted by all Impaired Classes of Claims or Equity Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (b) the Plan is feasible; and (c) the Plan is in the "best interests" of Holders of Claims or Equity Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (a) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11; (b) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11; and (c) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or interest in such impaired class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtor liquidated under chapter 7.

As reflected in the Liquidation Analysis attached hereto as **Exhibit F**, which was prepared by the Debtors with the assistance of Opportune, the Debtors believe that liquidation of the Debtors' businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by Holders of Claims or Equity Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to Holders of Claims or Equity Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, and the Debtors fail to propose and confirm an alternative plan of reorganization, the Debtors' businesses may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation may result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Any distribution to Holders of Claims or Equity Interests (to the extent Holders of Equity Interests would receive distributions at all) under a chapter 11 liquidation plan would most likely be substantially delayed. Most importantly, the Debtors believe that any distributions to creditors in a chapter 11 liquidation scenario would fail to capture the significant going concern value of their businesses, which is reflected in the New Second Lien Notes, New Common Stock, and New Warrants (as applicable) to be distributed under the Plan. Accordingly, the Debtors believe that a chapter 11 liquidation would not result in distributions as favorable as those under the Plan.

Further, conversion to a case under chapter 7 or failure to confirm a plan of reorganization are each a Consenting Senior Note Holder Termination Event (as defined in the RSA). Occurrence of a Consenting Senior Note Holder Termination Event entitles, but does not require, the Required Consenting Senior Note Holders (as defined in the RSA), to terminate the RSA (as more fully set forth therein). The Debtors anticipate that such parties would exercise their termination rights under the RSA if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code or if the Debtors fail to obtain Confirmation of the Plan and are forced to pursue a plan of liquidation.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of Evercore, have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors prepared a projected consolidated income statement, which includes certain financial projections of the Debtors (the "Financial Projections"). The Financial Projections are based on an assumed Effective Date of September 30, 2017 and certain assumptions regarding the Debtors' ability to obtain exit financing. To the extent that the Effective Date occurs before or after September 30, 2017, recoveries on account of Allowed Claims could be impacted. Creditors and other interested parties should review Article 0 of this Disclosure Statement, entitled "RISK FACTORS," which begins on page 73, for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors.

The Financial Projections are attached hereto as **Exhibit H** to this Disclosure Statement. Based on the Financial Projections, the Debtors believe that they will be a viable operation following the Chapter 11 Cases and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[33]

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have

[33] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

actually voted to accept or to reject the plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by Holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have actually voted to accept or to reject the plan. Thus, a Class of Equity Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Equity Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Pursuant to Article III.F of the Plan, if a Class contains Claims or Equity Interests eligible to vote and no Holders of Claims or Equity Interests eligible to vote in such Class vote to accept or reject the Plan, the Holders of such Claims or Equity Interests in such Class shall be deemed to have accepted the Plan.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class' rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. 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 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the 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 does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Equity Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

F. Valuation of the Debtors

In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors, with the assistance of Evercore, prepared the Valuation Analysis attached hereto as **Exhibit G** to this Disclosure Statement. The Debtors believe that the Valuation Analysis further supports the Debtors' conclusion that the treatment of Classes under the Plan is fair and equitable and otherwise satisfies the Bankruptcy Code's requirements for confirmation.

G. The Plan Supplement

The Debtors will file certain documents that provide additional details regarding implementation of the Plan in the Plan Supplement, which will be filed with the Bankruptcy Court no later than 10 days before the Confirmation Hearing (or such later date as may be approved by the Bankruptcy Court). The Debtors will serve a notice that will inform all parties that the Plan Supplement was filed, list the information included therein, and explain how copies of the Plan Supplement may be obtained. Holders of Claims or Equity Interests that are eligible to vote to accept or reject the Plan shall not be entitled to change their vote based on the contents of the Plan Supplement. It is anticipated that the Plan Supplement will include:

- the New Organizational Documents;
- the Assumed Executory Contract and Unexpired Lease List;
- the Rejected Executory Contract and Unexpired Lease List;
- a list of retained Causes of Action;
- the Registration Rights Agreement;

- the identity of the members of the new boards and management for the Reorganized Debtors and copies of new executive employment agreements;
- the New Second Lien Notes Documents;
- the Warrant Agreement;
- the Exit Facility Documents;
- the Exit Term B Term Sheet;
- the Restructuring Transactions Chart; and
- the Workforce Obligations List.

Copies of the Plan Supplement documents will be available on the website of the Debtors' Solicitation Agent at https://cases.primeclerk.com/vanguard/ (free of charge) or the Bankruptcy Court's website at http://www.txs.uscourts.gov/bankruptcy (for a fee).

XII. CERTAIN SECURITIES LAW MATTERS

The Debtors believe that the New Second Lien Notes, the New Common Stock, and the New Warrants (as applicable), and the options or other equity awards to be issued pursuant to the New Management Incentive Plan will be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and any applicable state securities law (a "Blue Sky Law"). The Debtors further believe that the offer, sale, issuance, and initial distribution of the New Second Lien Notes, the New Common Stock, and the New Warrants (as applicable) by Reorganized VNR Finance pursuant to the Plan is exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code, and any applicable state Blue Sky Law, except as described in more detail below. The New Common Stock underlying the New Management Incentive Plan will be issued pursuant to a registration statement or another available exemption from registration under the Securities Act and other applicable law.

A. 1145 Securities

As discussed herein, the Plan provides for the offer, issuance, sale, and distribution by Reorganized VNR Finance of the New Second Lien Notes, the Senior Note Claim Distribution, the 1145 Rights Offering Equity, the New Common Stock from the GUC Equity Pool, the Backstop Premium, the New Common Stock issuable to Encana on account of Allowed Encana Claims (the "Encana Distribution") and the New Warrants (as applicable) (collectively, the "1145 Securities").

1. Issuance

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act, and state securities laws if three principal requirements are satisfied: (a) the securities must be offered or sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (b) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claim or interest and partly for cash or property.

The Debtors believe that all 1145 Securities issued pursuant to the Plan will satisfy section 1145(a)(1) of the Bankruptcy Code. For example, under the Plan, each Eligible Claim Holder of an Eligible Claim (*i.e.*, a Holder of an Allowed Senior Notes Claim) will receive, on account of such Claim:

(a) its Pro Rata share of the Senior Note Claim Distribution, which represents, in the aggregate, approximately 3.4% of the New Common Stock to be issued under the Plan (after taking into account the Rights Offering, the Second Lien Investment Equity, and distributions from the GUC Equity Pool (assuming that the GUC Equity Pool is fully utilized), but before taking into account the GUC Rights

Offering, the New Management Incentive Plan, and the New Common Stock issuable upon exercise of the New Warrants); and

(b) the opportunity to participate in the 1145 Rights Offering, pursuant to which such Holder may subscribe for its Pro Rata share of approximately 3.4% of the New Common Stock (after taking into account the Rights Offering, the Second Lien Investment Equity, and distributions from the GUC Equity Pool (assuming that the GUC Equity Pool is fully utilized), but before taking into account the GUC Rights Offering, the New Management Incentive Plan, and the New Common Stock issuable upon exercise of the New Warrants).[34]

See pages 4–6 of the Plan Term Sheet that will be filed as Exhibit A to the RSA. Because the value of an Eligible Claim, as implied by the value of distributions to be made under the Plan (assuming the GUC Equity Pool is fully utilized) (*i.e.*, approximately $30,583 for every $1 million of Eligible Claims), exceeds the cash value payable on account of such Claim pursuant to the Rights in the 1145 Rights Offering (*i.e.*, approximately $30,580 for every $1 million of Eligible Claims), the Debtors submit that Eligible Claim Holders are receiving "principally" securities on account of their Claims under the Plan and are only "partly" receiving securities for cash, all in accordance with section 1145(a)(1) of the Bankruptcy Code. Accordingly, the 1145 Securities satisfy all the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws (except with respect to an underwriter as described below). Furthermore, the Debtors believe that the value of the direct distributions being made to Eligible Claim Holders (excluding the 1145 Rights, and, if applicable, the Accredited Investor Rights and the 4(a)(2) Backstop Commitment Equity) exceeds the value of the capital being raised pursuant to the exercise of the 1145 Rights.

Recipients of any 1145 Securities are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable state Blue Sky Law.

2. Subsequent Transfers

The 1145 Securities may be freely transferred by most recipients following the initial issuance under the Plan, and all resales and subsequent transfers of the 1145 Securities are exempt from registration under the Securities Act and state securities laws, unless the Holder is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code with respect to such securities; *provided*, *however*, such securities will not be freely tradable if, at the time of transfer, the Holder thereof is an "affiliate" of Reorganized VNR Finance as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of such transfer. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an Entity that is not an "issuer": (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the

[34] While Eligible Claim Holders that are Accredited Investor Eligible Holders may also purchase Accredited Investor Rights Offering Equity under the Accredited Investor Rights Offering, the Debtors are not relying on section 1145 of the Bankruptcy Code to exempt the offer and sale of such securities from registration under the Securities Act, but instead are relying on section 4(a)(2) of the Securities Act, as detailed in Article XII.B of this Disclosure Statement, entitled "4(a)(2) Securities," which begins on page 113 below.

debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (b) offers to sell securities offered or sold under a plan for the Holders of such securities; (c) offers to buy securities offered or sold under a plan from the Holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a Person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "Controlling Persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. While there is no precise definition of a "controlling" stockholder, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

Resales of 1145 Securities by Entities deemed to be "underwriters" (which definition includes "Controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, Holders of New Second Lien Notes, New Common Stock, and New Warrants, who are deemed to be "underwriters" may be entitled to resell their New Second Lien Notes, New Common Stock, and New Warrants pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if the required holding period has been met and, under certain circumstances, current information regarding the issuer is publicly available and volume limitations, manner of sale requirements and certain other conditions are met. Whether any particular Person would be deemed to be an "underwriter" (including whether the Person is a "Controlling Person") with respect to the New Second Lien Notes, New Common Stock, and New Warrants would depend upon various facts and circumstances applicable to that Person. Given the complex nature of the question of whether a particular person may be an underwriter and other issues arising under applicable securities laws, accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the New Second Lien Notes, New Common Stock, and New Warrants.

The Debtors recommend that potential recipients of New Second Lien Notes, New Common Stock, and the New Warrants consult their own counsel concerning their ability to freely trade such securities without compliance with the federal law and any applicable state Blue Sky Law.

B. 4(a)(2) Securities

1. Issuance

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor from registration promulgated by the SEC under section 4(a)(2) of the Securities Act.

The Debtors believe that any Second Lien Investment Equity, Accredited Investor Rights Offering Equity, GUC Rights Offering Equity, or 4(a)(2) Backstop Commitment Equity (collectively, the "4(a)(2) Securities") would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. The Debtors submit that the 4(a)(2) Securities are issuable without registration under the Securities Act in reliance upon the exemption from registration provided under section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder. The 4(a)(2) Securities will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration, under the Securities Act and other applicable law, as described below.

2. Subsequent Transfers

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, the 4(a)(2) Securities will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned or otherwise transferred unless they are registered under the Securities Act, or an exemption from registration under the Securities Act is available.

The Second Lien Investors, Accredited Investor Eligible Holders that purchased Accredited Investor Rights in the Accredited Investor Rights Offering, the Eligible Holders that purchased GUC Rights Offering Equity in the GUC Rights Offering, and the Backstop Parties will not be permitted to offer, sell, or otherwise transfer their 4(a)(2) Securities except pursuant to a registration statement or an available exemption from registration.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information

regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under section 13 or 15(d) of the Securities Exchange Act of 1934 during the twelve months preceding the sale of the restricted securities. If the issuer is a non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Debtors currently expect that the Reorganized Debtors will continue to be a reporting issuer and file all such required periodic reports and that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the Effective Date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available. As noted above, the Debtors currently expect that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000 in any three-month period, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Debtors believe that the Rule 144 exemption will not be available with respect to any 4(a)(2) Securities (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders wishing to resell their 4(a)(2) Securities in reliance on the Rule 144 public resale exemption will be required to hold their 4(a)(2) Securities for at least six months and, thereafter, to sell them only in accordance with the applicable requirements of Rule 144.

All 4(a)(2) Securities will be issued in certificated or book-entry form and will bear a restrictive legend. Each certificate or book-entry representing, or issued in exchange for or upon the transfer, sale or assignment of, any 4(a)(2) Securities shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON ISSUANCE DATE, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

The Reorganized Debtors will reserve the right to require certification or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the 4(a)(2) Securities. The Reorganized Debtors will also reserve the right to stop the transfer of any 4(a)(2) Securities if such transfer is not in compliance with Rule 144 or any other available exemption. Any Person who receives 4(a)(2) Securities will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144 or any other available exemption, when available, and that the securities will be subject to the other restrictions described above.

Any Persons receiving "restricted securities" under the Plan should consult with their own counsel concerning the availability of an exemption from registration for resale of these securities under the Securities Act and other applicable law.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE DEBTORS OR THE REORGANIZED DEBTORS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

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

A. Introduction

The following discussion summarizes certain United States ("U.S.") federal income tax consequences of the implementation of the Plan to the Debtors, the Reorganized Debtors, and certain Holders of Claims or Equity Interests. This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial decisions and published administrative rules, and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof (collectively, "Applicable Tax Law"). Changes in the rules or new interpretations of the rules may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. The Debtors have not requested, and will not request, any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This summary does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (such as Persons who are related to the Debtors within the meaning of the Tax Code, foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, pass-through entities, beneficial owners of pass-through entities, subchapter S corporations, persons who hold Claims or Equity Interests or who will hold the New Common Stock as part of a straddle, hedge, conversion transaction, or other integrated investment, persons using a mark-to-market method of accounting, and Holders of Claims or Equity Interests who are themselves in bankruptcy). Furthermore, this summary assumes that a Holder of a Claim or Equity Interest holds only Claims or Equity Interests in a single Class and holds a Claim or Equity Interest only as a "capital asset" (within the meaning of section 1221 of the Tax Code). This summary also assumes that the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form, and that the Claims constitute interests in the Debtors "solely as a creditor" for purposes of section 897 of the Tax Code. This summary does not address Non-U.S. Holders who will own (directly or by attribution) more than 5% of the New Common Stock. This summary does not discuss differences in tax consequences to Holders of Claims or Equity Interests that act or receive consideration in a capacity other than any other Holder of a Claim or Equity Interest of the same Class or Classes, and the tax consequences for such Holders may differ materially from that described below.

For purposes of this discussion, a "U.S. Holder" is a Holder of a Claim or Equity Interest that is: (a) an individual citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other Entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation

regardless of the source of such income; or (d) a trust (i) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "non-U.S. Holder" is any Holder of a Claim or Equity Interest that is not a U.S. Holder other than any partnership (or other Entity treated as a partnership or other pass-through Entity for U.S. federal income tax purposes).

If a partnership (or other Entity treated as a partnership or other pass-through Entity for U.S. federal income tax purposes) is a Holder of a Claim or Equity Interest, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the Entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are Holders of Claims or Equity Interests should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

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

B. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

1. The Restructuring Transactions Are Being Structured as a Taxable Transaction

In general, the Restructuring Transactions are being structured as a taxable transfer of assets by the Debtors to the Reorganized Debtors. The effect of these transactions on VNR and the other Debtors is described immediately below. A detailed description of the Restructuring Transactions will be set forth in the Restructuring Transactions Chart that will be included in the Plan Supplement.

VNR should be treated as transferring its assets (and the assets of its subsidiaries, which are primarily disregarded entities of VNR for U.S. federal income tax purposes) in a taxable transaction. Because VNR is a partnership for U.S. federal income tax purposes, VNR's items of gain or loss in connection with these transfers should be allocated to VNR's unitholders. The Debtors expect that substantial losses should be generated in connection with such transfers, but the amount of loss allocated to any particular unitholder will depend on the value of VNR's assets on the Effective Date, which value will be determined by the Reorganized Debtors' board of directors after the Effective Date, and the personal circumstances of the unitholder (including the amount the unitholder paid for the VNR units and their holding period).

Reorganized VNR Finance will be a corporation for state law and for U.S. federal income tax purposes and the New Common Stock will consist entirely of common stock interests of such corporation.

The cancellation of Claims against the Debtors should give rise to cancellation of indebtedness income ("CODI"). Because VNR is a partnership for U.S. federal income tax purposes, such CODI will be allocated to VNR's unitholders. The CODI may be offset by the ordinary losses generated by the taxable sale of assets by VNR to Reorganized VNR Finance. The amount of CODI will depend on the value of VNR's assets as of the Effective Date, which value will be determined by the Reorganized Debtors' board of directors after the Effective Date.

C. Certain U.S. Federal Income Tax Consequences to Certain U.S. Holders of Claims or Equity Interests

The following discussion assumes that the Debtors will undertake the Restructuring Transactions currently contemplated by the Plan and the Restructuring Transactions Chart. Holders of Claims or Equity Interests are urged to consult their tax advisors regarding the tax consequences of the Restructuring Transactions.

1. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Lender Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of an Allowed Lender Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Claim, the U.S. Holder of such Claim shall receive its Pro Rata share of (a) cash in the amount of the Credit Agreement Interest, plus (b) cash in the amount of its Pro Rata share of the Glasscock Sale Proceeds. In addition, each such Holder shall receive treatment under either Option 1 or Option 2 below. If the Holder elects (or is deemed to elect, upon its execution of the Exit Facility Credit Agreement) Option 1 on its Ballot, it shall also receive its Option 1 Pro Rata Share of: (a) the Lender Paydown; (b) the Exit Revolving Loans; and (c) the Exit Term A Loans. If such Holder elects Option 2 on its Ballot, it shall also receive its Option 2 Pro Rata Share of the Exit Term B Loans. In addition, all Credit Agreement Fees and Expenses shall be paid in full on the Effective Date.

U.S. Holders of Lender Claims should be treated as exchanging such Claim for either (a) the Cash, the Exit Revolving Loans, and the Exit Term A Loans, or (b) the Cash and the Exit Term B Loans (as applicable), each in a taxable exchange under section 1001 of the Tax Code. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) either (i) the sum the Cash received and the issue price of the Exit Revolving Loans and the Exit Term A Loans or (ii) the sum of the Cash received and the issue price of the Exit Term B Loans (as applicable and as discussed in Article XIII.C.13 of this Disclosure Statement, entitled "Determination of Issue Price for the Exit Revolving Loans, the Exit Term A Loans, the Exit Term B Loans, and the New Second Lien Notes," which begins on page 128) received in exchange for the Claim, and (b) such U.S. Holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax

status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127. A U.S. Holder's tax basis in its Pro Rata share of the Exit Revolving Loans and the Exit Term A Loans or the Exit Term B Loans (as applicable) received should equal the issue price of such Pro Rata share of the Exit Revolving Loans and the Exit Term A Loans or the Exit Term B Loans (as applicable) as of the Effective Date. A U.S. Holder's holding period for its Pro Rata share of the Exit Revolving Loans and the Exit Term A Loans or the Exit Term B Loans (as applicable) should begin on the day following the Effective Date.

2. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Second Lien Notes Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of an Allowed Second Lien Notes Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Claim, the U.S. Holder of such Claim shall receive its Pro Rata share of the New Second Lien Notes. Distribution to each Holder of an Allowed Second Lien Notes Claim shall be subject to the rights and the terms of the Second Lien Notes Indenture.

A U.S. Holder of an Allowed Second Lien Notes Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the U.S. Tax Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest, each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the issue price of the New Second Lien Notes received in exchange for the Claim (as discussed in Article XIII.C.13 of this Disclosure Statement, entitled "Determination of Issue Price for the Exit Revolving Loans, the Exit Term A Loans, Exit Term B Loans, and the New Second Lien Notes," which begins on page 128) and (b) such U.S. Holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127.

U.S. holders of such Claims should obtain a tax basis in the New Second Lien Notes, other than any such amounts treated as received in satisfaction of accrued but untaxed interest, equal to the New Second Lien Notes' issue price as of the date such property is distributed to the U.S. Holder. The holding period for any such New Second Lien Notes should begin on the day following the Effective Date.

The tax basis of any New Second Lien Notes determined to be received in satisfaction of accrued but untaxed interest should equal the amount of such accrued but untaxed interest, but in no event should such basis exceed the issue price of the New Second Lien Notes received in

satisfaction of accrued but untaxed interest. The holding period for any such New Second Lien Notes should begin on the day following the Effective Date.

3. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Senior Notes Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of an Allowed Senior Notes Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Claim, the U.S. Holder of such Claim shall receive: (a) its Pro Rata share of the Senior Note Claim Distribution (*i.e.*, New Common Stock); and (b) the Rights to participate in the 1145 Rights Offering and the Accredited Investor Rights Offering in accordance with the Plan and the applicable Rights Offering Procedures.

U.S. Holders of Allowed Senior Notes Claims should be treated as exchanging such Claims for the consideration received in a taxable exchange under section 1001 of the Tax Code. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the fair market value of the New Common Stock and the Rights received and (b) such U.S. Holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127. A U.S. Holder's tax basis in the New Common Stock and the Rights received should equal the fair market value of such New Common Stock and Rights as of the Effective Date. A U.S. Holder's holding period for the New Common Stock and the Rights received should begin on the day following the Effective Date.

(a) Election to Participate in the 1145 Rights Offering and the Accredited Investor Rights Offering

Holders of Allowed Senior Notes Claims will receive additional New Common Stock if they participate in the 1145 Rights Offering and/or the Accredited Investor Rights Offering (to the extent such Holder is an Accredited Investor Eligible Holder).

A U.S. Holder that elects to exercise the Rights should be treated as purchasing, in exchange for its participation right and the amount of cash funded by the U.S. Holder to exercise such Rights, New Common Stock. Such a purchase should generally be treated as the exercise of an option under general tax principles, and such U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the Rights. A U.S. Holder's aggregate tax basis in the New Common Stock received in connection with the exercise of the Rights should equal the sum of (a) the amount of Cash paid by the U.S. Holder to exercise the Rights plus (b) such U.S. Holder's tax basis in the Rights immediately before the Rights are

exercised. A U.S. Holder's holding period for the New Common Stock received pursuant to such exercise should begin on the day following the Effective Date.

A U.S. Holder that elects not to exercise the Rights may be entitled to claim a (likely short-term capital) loss equal to the amount of tax basis allocated to such Rights, subject to any limitation on such U.S. Holder's ability to utilize capital losses. U.S. Holders electing not to exercise their Rights should consult with their own tax advisors as to the tax consequences of electing not to exercise the Rights.

4. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed General Unsecured Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment of its Allowed Claim, in exchange for full and final satisfaction, settlement, release, and discharge of and in exchange for such Claim, the U.S. Holder of such Claim shall, at its election, for its entire Allowed General Unsecured Claim, either: (a) receive (i) its Pro Rata share of the GUC Equity Pool (*i.e.*, New Common Stock) and (ii) if such Holder is a GUC Eligible Holder, the opportunity to participate in the GUC Rights Offering in accordance with the terms of the Plan and the GUC Rights Offering Procedures; or (b) participate in the GUC Cash Pool. In the event a Holder participates in the GUC Cash Pool, its Pro Rata share of the GUC Equity Pool and GUC Rights shall be cancelled. If the Holder of an Allowed General Unsecured Claim elects to participate in the GUC Cash Pool, such Holder will receive Cash equal to 12% of the amount of its Allowed General Unsecured Claim; *provided*, that, if the GUC Cash Pool has been exhausted, Holders of Allowed GUC Claims will no longer be able to elect to participate in the GUC Cash Pool and will be deemed to have elected to receive its Pro Rata share of the GUC Equity Pool and to participate in the GUC Rights Offering, as described above.

U.S. Holders of Allowed General Unsecured Claims should be treated as exchanging such Claims for the consideration received in a taxable exchange under section 1001 of the Tax Code. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the fair market value of the New Common Stock and the GUC Rights received or the Cash received (as applicable) in exchange for the Claim and (b) such U.S. Holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127. A U.S. Holder's tax basis in the New Common Stock and the GUC Rights received should equal the fair market value of such New Common Stock and GUC Rights as of the Effective Date. A U.S. Holder's holding period for the New Common Stock and the GUC Rights received should begin on the day following the Effective Date.

(a) Election to Participate in the GUC Rights Offering

Holders of Allowed General Unsecured Claims who are GUC Eligible Holders will receive additional New Common Stock if they participate in the GUC Rights Offering.

A U.S. Holder that elects to exercise the GUC Rights should be treated as purchasing, in exchange for its participation right and the amount of cash funded by the U.S. Holder to exercise such GUC Rights, New Common Stock. Such a purchase should generally be treated as the exercise of an option under general tax principles, and such U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the GUC Rights. A U.S. Holder's aggregate tax basis in the New Common Stock received in connection with the exercise of the GUC Rights should equal the sum of (a) the amount of Cash paid by the U.S. Holder to exercise the GUC Rights plus (b) such U.S. Holder's tax basis in the GUC Rights immediately before the GUC Rights are exercised. A U.S. Holder's holding period for the New Common Stock received pursuant to such exercise should begin on the day following the Effective Date.

A U.S. Holder that elects not to exercise the GUC Rights may be entitled to claim a (likely short-term capital) loss equal to the amount of tax basis allocated to such GUC Rights, subject to any limitation on such U.S. Holder's ability to utilize capital losses. U.S. Holders electing not to exercise their GUC Rights should consult with their own tax advisors as to the tax consequences of electing not to exercise the GUC Rights.

5. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Encana Claims

Pursuant to the Plan, except to the extent that Encana agrees to a less favorable treatment of its Encana Claim, in exchange for full and final satisfaction, settlement, release, and discharge of and in exchange for such Claim, Encana shall, at its election, for its entire Allowed Encana Claim, receive (a) its Pro Rata share of the GUC Equity Pool (*i.e.*, New Common Stock) and (b) the opportunity to participate in the GUC Rights Offering in accordance with the terms of the Plan and the GUC Rights Offering Procedures.

Encana should be treated as exchanging such Encana Claims for the consideration received in a taxable exchange under section 1001 of the Tax Code. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), Encana should recognize gain or loss equal to the difference between (a) the fair market value of the New Common Stock and the GUC Rights received in exchange for the Encana Claim and (b) Encana's adjusted basis, if any, in such Encana Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the nature of the Encana Claim in Encana's hands. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127. Encana's tax basis in the New Common Stock and the GUC Rights received should equal the fair market value of such New Common Stock and GUC Rights as of the Effective Date. Encana's holding period for the New Common Stock and the GUC Rights received should begin on the day following the Effective Date.

(a) Election to Participate in the GUC Rights Offering

Encana will receive additional New Common Stock if it participates in the GUC Rights Offering.

If Encana elects to exercise the GUC Rights, Encana should be treated as purchasing, in exchange for its participation right and the amount of cash funded by Encana to exercise such GUC Rights, New Common Stock. Such a purchase should generally be treated as the exercise of an option under general tax principles, and Encana should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the GUC Rights. Encana's aggregate tax basis in the New Common Stock received in connection with the exercise of the GUC Rights should equal the sum of (a) the amount of Cash paid by Encana to exercise the GUC Rights plus (b) Encana's tax basis in the GUC Rights immediately before the GUC Rights are exercised. Encana's holding period for the New Common Stock received pursuant to such exercise should begin on the day following the Effective Date.

If Encana elects not to exercise the GUC Rights, Encana may be entitled to claim a (likely short-term capital) loss equal to the amount of tax basis allocated to such GUC Rights, subject to any limitation on Encana's ability to utilize capital losses. If Encana elects not to exercise its GUC Rights, Encana should consult with its own tax advisor as to the tax consequences of electing not to exercise the GUC Rights.

6. U.S. Federal Income Tax Consequences to U.S. Holders of Allowed Trade Claims

Pursuant to the Plan, except to the extent that a U.S. Holder of an Allowed Trade Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for such Claim, the U.S. Holder of such Claim shall receive its Pro Rata share of the Trade Claims Distribution Pool (*i.e.*, Cash), with distributions not to exceed the amount of such Holder's Allowed Trade Claim.

U.S. Holders of Allowed Trade Claims should be treated as exchanging such Claims for the consideration received in a taxable exchange under section 1001 of the Tax Code. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the Cash received in exchange for the Claim and (b) such U.S. Holder's adjusted basis, if any, in such Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Claim in such U.S. Holder's hands, whether the Claim was purchased at a discount, and whether and to what extent the U.S. Holder previously has claimed a bad debt deduction with respect to its Claim. The deductibility of capital losses is subject to limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR CLAIMS.

7. U.S. Federal Income Tax Consequences to U.S. Holders of VNR Preferred Units

Pursuant to the Plan, except to the extent that a U.S. Holder of VNR Preferred Units agrees to less favorable treatment of its VNR Preferred Units, and subject to the terms of the Restructuring Transactions, all VNR Preferred Units shall be cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and in full and final satisfaction, settlement, release, and discharge of and in exchange for each VNR Preferred Unit, each U.S. Holder of VNR Preferred Units shall receive: if Class 6, Class 7, Class 8, Class 9, and Class 12 are each determined to have voted to accept the Plan, such U.S. Holder's Pro Rata share of (a) the VNR Preferred Unit Equity Distribution (*i.e.*, New Common Stock) and (b) VNR Preferred Unit New Warrants; *provided* that each Holder of VNR Preferred Units shall be given the opportunity to elect to waive its recovery, in which case such Holder will receive no recovery for their VNR Preferred Units.

While the matter is not free from doubt, the exchange of VNR Preferred Units for the VNR Preferred Unit Equity Distribution and VNR Preferred Unit New Warrants should likely be treated as an exchange in which gain (but not loss) is recognized by U.S. Holders of VNR Preferred Units. In such case, a U.S. Holder of VNR Preferred Units would recognize gain for United States federal income tax purposes in an amount equal to the excess of (a) the sum of the fair market value of its Pro Rata share of (i) the New Common Stock received and (ii) the VNR Preferred Unit New Warrants received, over (b) the U.S. Holder's adjusted tax basis in its VNR Preferred Units. Such gain should be capital gain and should be long-term capital gain if the VNR Preferred Units were held for more than one year by the Holder. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates.

If a U.S. Holder recognizes gain in the exchange, such U.S. Holder's tax basis in the New Common Stock and VNR Preferred Unit New Warrants received should equal the fair market value of such Pro Rata share of such New Common Stock and VNR Preferred Unit New Warrants as of the Effective Date.

If a U.S. Holder does not recognize gain in the exchange, such U.S. Holder's tax basis in the New Common Stock and VNR Preferred Unit New Warrants received should equal such Holder's remaining tax basis in the VNR Preferred Units at the time such consideration is received and such tax basis will be allocated among such Holder's New Common Stock and VNR Preferred Unit New Warrants based upon their relative fair market values as of the Effective Date. A U.S. Holder's holding period for the New Common Stock and the VNR Preferred Unit New Warrants received should begin on the day following the Effective Date without regard to whether gain or loss was recognized by such U.S. Holder. *See* Article XIII.C.9 of this Disclosure Statement, entitled "Exercise or Sale, Exchange, Lapse, or Other Disposition of the New Warrants," which begins on page 126.

Because VNR is transferring its assets to Reorganized VNR Finance in a taxable transaction (*see* Article XIII.B.1 of this Disclosure Statement entitled, "The Restructuring Transactions Are Being Structured as a Taxable Transaction," which begins on page 117), it is possible that some of the loss arising from that taxable transaction may be allocated to the Holders of the VNR Preferred Units. Any loss allocated to a Holder of VNR Preferred Units will decrease the tax basis of that Holder's VNR Preferred Units. These adjustments to the tax basis of the VNR Preferred Units will occur prior to the exchange of VNR Preferred Units for New Common Stock and VNR Preferred Unit New Warrants described above.

8. U.S. Federal Income Tax Consequences to U.S. Holders of VNR Common Units

Pursuant to the Plan, except to the extent that a U.S. Holder of VNR Common Units agrees to less favorable treatment of its VNR Common Units, and subject to the terms of the Restructuring Transactions, all VNR Common Units shall be cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and in full and final satisfaction, settlement, release, and discharge of and in exchange for each VNR Common Unit, each U.S. Holder of VNR Common Units shall receive such U.S. Holder's Pro Rata share the VNR Common Unit New Warrants if Class 6, Class 7, Class 8, Class 9, Class 12, and Class 13 are each determined to have voted to accept the Plan; *provided* that each Holder of VNR Common Units shall be given the opportunity to elect to waive its recovery, in which case such Holder will receive no recovery for their VNR Common Units.

While the matter is not free from doubt, the exchange of VNR Common Units for the VNR Common Unit New Warrants should likely be treated as an exchange in which gain (but not loss) is recognized by U.S. Holders of VNR Common Units. In such case, a U.S. Holder of VNR Common Units would recognize gain for United States federal income tax purposes in an amount equal to the excess of (a) the fair market value of its share of the VNR Common Unit New Warrants received, over (b) the U.S. Holder's adjusted tax basis in its VNR Common Units. Such gain should be capital gain and should be long-term capital gain if the VNR Common Units were held for more than one year by the Holder. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates.

If a U.S. Holder recognizes gain in the exchange, such U.S. Holder's tax basis in the VNR Common Unit New Warrants received should equal the fair market value of such VNR Common Unit New Warrants as of the Effective Date.

If a U.S. Holder does not recognize gain in the exchange, such U.S. Holder's initial tax basis in the VNR Common Unit New Warrants will be such Holder's remaining tax basis in the VNR Common Units. A U.S. Holder's holding period for the New Common Stock and the VNR Common Unit New Warrants received should begin on the day following the Effective Date without regard to whether or not gain was recognized by such U.S. Holder. *See* Article XIII.C.9 of this Disclosure Statement, entitled "Exercise or Sale, Exchange, Lapse, or Other Disposition of the New Warrants," which begins on page 126.

Because VNR is transferring its assets to Reorganized VNR Finance in a taxable transaction (see Article XIII.B.1 of this Disclosure Statement entitled, "The Restructuring

Transactions Are Being Structured as a Taxable Transaction," which begins on page 117), the gain or loss arising from that taxable transaction will be allocated to the Holders of the VNR Common Units. Any gain allocated to a Holder of VNR Common Units will increase the tax basis of that Holder's VNR Common Units, and any loss allocated to a Holder of VNR Common Units will decrease the tax basis of that Holder's VNR Common Units. These adjustments to the tax basis of the VNR Common Units will occur prior to the exchange of VNR Common Units for VNR Common Unit New Warrants described above or the cancellation of such units for no consideration.

9. Exercise or Sale, Exchange, Lapse, or Other Disposition of the New Warrants

(a) Sale, Exchange, Lapse, or Other Disposition of the New Warrants

Upon the sale, exchange, lapse, or other disposition (other than its exercise) of a New Warrant, a U.S. Holder should generally recognize capital gain or loss equal to the difference between the amount realized (if any) and such U.S. Holder's adjusted tax basis in such New Warrant. Such gain or loss should generally be long-term capital gain or loss if the U.S. Holder has held its New Warrant for more than one year at the time of the sale, exchange, or other disposition, and short-term capital gain or loss otherwise. The deductibility of capital losses is subject to certain limitations, as discussed in Article XIII.C.12 of this Disclosure Statement, entitled "Limitations on Use of Capital Losses," which begins on page 127.

(b) Adjustments

If the terms of the New Warrants provide for any adjustment to the number of shares of New Common Stock for which the New Warrants may be exercised or to the exercise price of the New Warrants, such adjustment may, under limited circumstances, result in a constructive distribution that could be taxable as a dividend to a U.S. Holder even though such Holder would not receive any cash related thereto. Conversely, the absence of an appropriate adjustment may result in a constructive distribution that could be taxable as a dividend to U.S. Holders of the New Common Stock.

10. Accrued Interest

To the extent that any amount received by a U.S. Holder of a Claim is attributable to accrued but unpaid interest on the debt instruments constituting the surrendered Claim, the receipt of such amount should be taxable to the U.S. Holder as ordinary interest income (to the extent not already taken into income by the U.S. Holder). Conversely, a U.S. Holder of a Claim may be able to recognize a deductible loss (or, possibly, a write off against a reserve for worthless debts) to the extent that any accrued interest previously was included in the U.S. Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest on Allowed Claims, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration to be distributed to

U.S. Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but unpaid interest. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them.

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS AND THE FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID INTEREST.

11. Market Discount

Under the "market discount" provisions of the Tax Code, some or all of any gain realized by a U.S. Holder of a Claim who exchanges the Claim for an amount on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of a Claim that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Claim was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued).

U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION OF THE MARKET DISCOUNT RULES TO THEIR CLAIMS.

12. Limitation on Use of Capital Losses

A U.S. Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 ($1,500 for married individuals filing separate returns) or (b) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For

corporate U.S. Holders, capital losses may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

13. Determination of Issue Price for the Exit Revolving Loans, the Exit Term A Loans, the Exit Term B Loans, and the New Second Lien Notes

As noted above, Holders of Lender Claims will receive their Pro Rata share of (a) the Exit Revolving Loans and the Exit Term A Loans or (b) the Exit Term B Loans (as applicable), in satisfaction of their Claims, and Holders of Allowed Second Lien Notes Claims will receive their Pro Rata share of the New Second Lien Notes in satisfaction of their Claims. In each case, the amount of gain or loss recognized by U.S. Holders of such Claims will be determined, in part, by the issue price of a U.S. Holder's Pro Rata share of the new debt received. The determination of "issue price" for purposes of this analysis will depend, in part, on whether the Lender Claims, the Exit Revolving Loans, the Exit Term A Loans, and the Exit Term B Loans are traded on an established market for U.S. federal income tax purposes. The issue price of a debt instrument that is traded on an established market (or that is issued for Claims against the Debtors that are so traded) would be the fair market value of such debt instrument (or the Claims so traded, if the new debt instrument is not traded) on the Effective Date as determined by such trading. The issue price of a debt instrument that is neither so traded nor issued for Claims that are so traded would be its stated principal amount (provided that the interest rate on the debt instrument exceeds the applicable federal rate published by the IRS). New debt instruments (or Claims against the Debtors) may be considered to be traded on an established market for these purposes even if no trades actually occur and there are merely firm or indicative quotes with respect to such new debt or Claims.

Although not free from doubt, the Debtors believe it is likely that the Lender Claims against the Debtors and/or the Exit Revolving Loans, the Exit Term A Loans, and the Exit Term B Loans being issued will be considered to be traded on an established market for these purposes. As a result, the issue price of the Exit Revolving Loans, the Exit Term A Loans, and the Exit Term B Loans may not equal their stated redemption price at maturity and such debt instruments may be treated as issued with original issue discount ("OID").

Where debt instruments are treated as being issued with OID, a U.S. Holder of such debt instrument will generally be required to include any OID in income over the term of such debt instrument in accordance with a constant yield-to-maturity method, regardless of whether the U.S. Holder is a cash or accrual method taxpayer, and regardless of whether and when such U.S. Holder received cash payments of interest on such debt instrument (other than cash attributable to qualified stated interest, which is includible in income in accordance with the U.S Holder's normal method of tax accounting). Accordingly, a U.S. Holder could be treated as receiving income in advance of a corresponding receipt of cash. Any OID that a U.S. Holder includes in income will increase the tax basis of the U.S. Holder in its interest in such debt instrument. A U.S. Holder of an interest in such new debt instruments will not be separately taxable on any cash payments that have already been taxed under the OID rules, but will reduce its tax basis in the pro rata shares of such debt instruments by the amount of such payments.

Because the Second Lien Note Claims and the New Second Lien Notes each have an aggregate principal amount of less than $100 million, the Second Lien Note Claims and the New Second Lien Notes will be deemed under the applicable Treasury Regulations to be not traded on an established market even if there are firm or indicative quotes with respect to such Second Lien Note Claims and New Second Lien Notes. As a result, the issue price of the New Second Lien Notes will equal their stated redemption price at maturity and accordingly such debt instruments will not be issued with OID.

In general, interest (including OID) received or accrued by U.S. Holders should be treated as ordinary income.

14. U.S. Federal Income Tax Consequences to Holders of Owning and Disposing of New Common Stock

(a) Dividends on New Common Stock

Any distributions made on account of the New Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of the Reorganized VNR Finance as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions in excess of the Holder's basis in its shares (determined on a share-by-share basis) generally should be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally should be eligible for the dividends-received deduction so long as there are sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a U.S. Holder has held its stock is reduced for any period during which the Holder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

(b) Sale, Redemption, or Repurchase of New Common Stock

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other taxable disposition of New Common Stock. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the stock for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations. *See* Article XIII.C.12 of this Disclosure Statement, entitled "Limitation on Use of Capital Losses," which begins on page 127.

(c) Medicare Tax

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of stock.

D. Certain U.S. Federal Income Tax Consequences to Certain Non-U.S. Holders of Claims or Equity Interests

1. Consequences to Non-U.S. Holders of Claims or Equity Interests

The following discussion includes only certain U.S. federal income tax consequences of the Restructuring Transactions to non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to non-U.S. Holders are complex. Each non-U.S. Holders should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the consummation of the Plan to such non-U.S. Holders and the ownership and disposition of the various forms of consideration non-U.S. Holders may receive under the Plan.

Whether a non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is generally determined in the same manner as set forth above in connection with U.S. Holders.

(a) Gain Recognition

Subject to the FIRPTA rules discussed below, any gain realized by a non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such non-U.S. Holder in the United States).

If the first exception above applies, to the extent that any gain is taxable and does not qualify for deferral, the non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception above applies, the non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an

applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

(b) Accrued Interest and Interest Payable on the New Second Lien Notes, the Exit Revolving Loans, the Exit Term A Loans, and the Exit Term B Loans

Interest payments to (or OID accruals with respect to) a non-U.S. Holder on debt instruments received pursuant to the Plan, and any other payments to a non-U.S. Holder that are attributable to accrued but untaxed interest, generally will not be subject to U.S. federal income tax or withholding pursuant to the portfolio interest exemption, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BENE) establishing that the non-U.S. Holder is not a U.S. person, unless:

(i) the non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of all classes of VNR's units (in the case of recoveries in respect of Claims against the Debtors) or New Common Stock, as applicable (in the case of the new debt instruments issued pursuant to the Plan) entitled to vote (after application of certain attribution rules);

(ii) the non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to VNR (in the case of recoveries in respect of Claims against the Debtors) or Reorganized VNR Finance, as applicable (in the case of the new debt instruments issued pursuant to the Plan) (each, within the meaning of the Tax Code);

(iii) the non-U.S. Holder is a bank receiving interest described in section 881(c)(3)(A) of the U.S. Tax Code; or

(iv) such interest (or OID) is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States (in which case, provided the non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued interest at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A non-U.S. Holder that does not qualify for the portfolio interest exemption generally will be subject to withholding of U.S. federal income tax at a 30 percent rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on any interest payments under the New Second Lien Notes, the Exit Revolving Loans, the Exit Term A Loans, or the Exit Term B Loans (as applicable) and any other payments that are attributable to accrued interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special

procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

2. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Owning and Disposing of New Common Stock

(a) Dividends on New Common Stock

Any distributions made with respect to New Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of the Reorganized VNR Finance's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that a non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the Holder's basis in its shares. Any such distributions in excess of a non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange, and will be subject to the FIRPTA rules (as defined and discussed below). Except as described below, dividends paid with respect to stock held by a non-U.S. Holder that are not effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax at a rate of 30 percent (or lower treaty rate or exemption from tax, if applicable). A non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-BEN-E (or a successor form) upon which the non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to stock held by a non-U.S. Holder that are effectively connected with a non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

(b) Disposition of the New Second Lien Notes, the Exit Revolving Loans, the Exit Term A Loans, Exit Term B Loans, the New Common Stock, and the New Warrants

In general, and subject to the discussion immediately below regarding FIRPTA, a non-U.S. Holder of the New Common Stock or the New Warrants (as applicable) should not be subject to U.S. federal income tax or U.S. federal withholding tax with respect to the New Common Stock or the New Warrants (as applicable) unless: (a) in the case of gain only, such non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition, and certain other requirements are met; or

(b) any gain is effectively connected with such non-U.S. Holder's conduct of a trade or business in the U.S. (and, if required by any applicable tax treaty, is attributable to a permanent establishment maintained by the non-U.S. Holder in the United States). A non-U.S. Holder that is a corporation also may be subject to a branch profits tax equal to 30% (or such lower rate specified by an applicable tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain taxes. Non-U.S. Holders are urged to consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Notwithstanding the general rule stated above, the Debtors expect that New Common Stock and the New Warrants will each represent an interest in a U.S. real property holding company (a "USRPHC"), all under the Foreign Investment in Real Property Tax Act ("FIRPTA").

A non-U.S. Holder of New Warrants generally may be subject to federal income tax upon the sale or disposition of New Warrants, and the transferee of such New Warrants may be required to withhold at a 15% tax rate.

The application of the FIRPTA rules to the New Common Stock will depend on whether (a) such equity is regularly traded on an established securities market and (b) whether an individual non-U.S. Holder has directly or indirectly owned more than 5% of the value of such equity during a specified testing period.

If the shares of New Common Stock are not regularly traded on an established securities market, or if a non-U.S. Holder holds more than 5% of the New Common Stock (directly or indirectly by attribution), on the sale or other taxable disposition of the New Common Stock, or held more than 5% of New Common Stock at any time in the 5 years preceding such sale, such non-U.S. Holder will be subject to U.S. federal income tax as if the gain were effectively connected with the conduct of the non-U.S. Holder's trade or business in the United States. In this case, a transferee of the New Common Stock generally will be required to withhold tax, under U.S. federal income tax laws, in an amount equal to 15% of the amount realized by a non-U.S. Holder on the sale or other taxable disposition of the New Common Stock (subject to certain exceptions).

The New Second Lien Notes, the Exit Revolving Loans, the Exit Term A Loans, and the Exit Term B Loans should be considered an interest that is solely the interest of a creditor and therefore be exempt from the FIRPTA provisions. The Holder will not be subject to U.S. federal income tax with respect to the disposition of the New Second Lien Notes, the Exit Revolving Loans, the Exit Term A Loans, or the Exit Term B Loans (as applicable) unless the New Second Lien Notes, the Exit Revolving Loans, the Exit Term A Loans, or the Exit Term B Loans are effectively connected with the conduct of such non-U.S. holder's trade or business in the United States.

The rules regarding United States real property interests are complex, and non-U.S. Holders are urged to consult with their own tax advisors on the application of these rules based on their particular circumstances.

3. FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income, and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S. source interest or dividends that occurs after December 31, 2018.

Each non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such non-U.S. Holder's ownership of the consideration being received under the Plan.

E. Information Reporting and Back-Up Withholding

The Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. The Debtors will comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim under the Plan. In addition, backup withholding of taxes will generally apply to payments in respect of an Allowed Claim under the Plan unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 and, in the case of non-U.S. Holder, such non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption).

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's U.S. federal income tax liability, and a Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT

WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XIV. RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that Holders of Claims or Equity Interests entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: May 24, 2017

VANGUARD NATURAL RESOURCES, LLC
on behalf of itself and all other Debtors

/s/ Richard A. Robert
Name: Richard A. Robert
Title: Executive Vice President &
Chief Financial Officer

Exhibit A

Plan of Reorganization

Exhibit B

Restructuring Support Agreement

Exhibit C-1

1145 Rights Offering Procedures, 1145 Beneficial Holder Subscription Form, and Master 1145 Subscription Form

Exhibit C-2

Accredited Investor Rights Offering Procedures, Accredited Investor Beneficial Holder Subscription Form, and Master Accredited Investor Subscription Form

Exhibit C-3

GUC Rights Offering Procedures and GUC Subscription Form

Exhibit D

Corporate Organization Chart

Exhibit E

Disclosure Statement Order

[TO COME]

Exhibit F

Liquidation Analysis

Exhibit G

Valuation Analysis

Exhibit H

Financial Projections

Exhibit I

Backstop Agreement

Exhibit J

Second Lien Investment Agreement

Exhibit K

Exit Facility Term Sheet

Exhibit L

Description of the New Management Incentive Plan

Exhibit A

Plan of Reorganization

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

In re:	§	Chapter 11
VANGUARD NATURAL RESOURCES, LLC, *et al.*,[1]	§	Case No. 17-30560 (MI)
	§	(Jointly Administered)
Debtors.	§	

AMENDED JOINT PLAN OF REORGANIZATION OF VANGUARD NATURAL RESOURCES, LLC, *ET AL.*, PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Chris L. Dickerson, Esq. (admitted *pro hac vice*)
Todd M. Schwartz, Esq. (admitted *pro hac vice*)
PAUL HASTINGS LLP
71 South Wacker Drive
Chicago, Illinois 60606
Telephone: (312) 499-6000
Facsimile: (312) 499-6100

- and -

James T. Grogan, Esq. (Tex. Bar No. 24027354)
Danny Newman, Esq. (Tex. Bar No. 24092896)
PAUL HASTINGS LLP
600 Travis Street, 58th Floor
Houston, Texas 77002
Telephone: (713) 860-7300
Facsimile: (713) 353-2801

Counsel to Vanguard

Dated: May 24, 2017

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: Vanguard Natural Resources, LLC (1161); Eagle Rock Acquisition Partnership, L.P. (6706); Eagle Rock Acquisition Partnership II, L.P. (0903); Eagle Rock Energy Acquisition Co., Inc. (4564); Eagle Rock Energy Acquisition Co. II, Inc. (3364); Eagle Rock Upstream Development Company, Inc. (0113); Eagle Rock Upstream Development Company II, Inc. (7453); Encore Clear Fork Pipeline LLC (2032); Escambia Asset Co. LLC (3869); Escambia Operating Co. LLC (2000); Vanguard Natural Gas, LLC (1004); Vanguard Operating, LLC (9331); VNR Finance Corp. (1494); and VNR Holdings, LLC (6371). The location of the Debtors' service address is: 5847 San Felipe, Suite 3000, Houston, Texas 77057.

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT PLAN HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.[1]

INTRODUCTION

Vanguard Natural Resources, LLC and its debtor affiliates, as debtors and debtors in possession propose this joint plan of reorganization for the resolution of the outstanding claims against, and interests in, such Debtors pursuant to the Bankruptcy Code. Holders of Claims or Equity Interests should refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, events during the Chapter 11 Cases, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. The Plan constitutes a separate plan of reorganization for each of the Debtors.

ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms.

As used in the Plan, capitalized terms have the meanings set forth in the Introduction above or in the definitions below.

1. "*1145 Rights*" means the rights to subscribe to up to the 1145 Rights Offering Amount of 1145 Rights Offering Equity at a price per share to be determined based on a twenty-five percent (25%) discount to Plan Value.

2. "*1145 Rights Offering*" means the offering of the 1145 Rights, to be conducted in reliance upon the exemption from registration under the Securities Act provided in Section 1145 of the Bankruptcy Code, to 1145 Rights Offering Participants in accordance with the 1145 Rights Offerings Procedures.

3. "*1145 Rights Offering Amount*" means $10,176,081.

4. "*1145 Rights Offering Equity*" means New Common Stock issued pursuant to the 1145 Rights Offering and the Backstop Agreement.

[1] This text box will be removed upon Bankruptcy Court approval of the Disclosure Statement.

5. "*1145 Rights Offering Participants*" means the Holders of Allowed Senior Notes Claims that have the right to participate in the 1145 Rights Offering as set forth in the 1145 Rights Offering Procedures.

6. "*1145 Rights Offering Procedures*" means those certain rights offering procedures with respect to the 1145 Rights Offering, which are attached to the Disclosure Statement.

7. "*2019 Senior Notes*" means those certain 8 3/8% Senior Notes due June 1, 2019, issued by Vanguard Operating, LLC (previously Eagle Rock Energy Partners, L.P. and Energy Rock Energy Finance Corp.) pursuant to the 2019 Senior Notes Indenture.

8. "*2019 Senior Notes Indenture*" means that certain Indenture, dated as of May 27, 2011, by and among Vanguard Operating, LLC (previously Eagle Rock Energy Partners, L.P. and Energy Rock Energy Finance Corp.), as issuer, and the 2019 Senior Notes Trustee, as may be amended, restated, or otherwise supplemented from time to time.

9. "*2019 Senior Notes Trustee*" means Wilmington Trust, N.A., as trustee under the 2019 Senior Notes Indenture.

10. "*2020 Senior Notes*" means those certain 7.875% senior notes due April 1, 2020, issued by VNR and VNR Finance pursuant to the 2020 Senior Notes Indenture.

11. "*2020 Senior Notes Indenture*" means that certain Indenture, dated as of April 4, 2012, by and among VNR and VNR Finance, as issuers, and the 2020 Senior Notes Trustee, as may be amended, restated, or otherwise supplemented from time to time.

12. "*2020 Senior Notes Trustee*" means UMB Bank, N.A., solely in its capacity as trustee under the 2020 Senior Notes Indenture.

13. "*4(a)(2) Backstop Commitment*" means the commitment of the Backstop Parties subject to the terms of the Backstop Agreement to purchase the 4(a)(2) Backstop Commitment Equity for an aggregate purchase price of $127,875,000.

14. "*4(a)(2) Backstop Commitment Equity*" means shares of New Common Stock issued to the Backstop Parties pursuant to the Backstop Agreement, in reliance upon the exemption from registration under the Securities Act provided in section 4(a)(2) of the Securities Act, on account of the 4(a)(2) Backstop Commitment, which shall include, without limitation, all shares purchased pursuant to the Backstop Agreement upon the failure, if any, of the 2L Investors to purchase all of the Common Units (each, as defined in the Backstop Agreement) in accordance with the Backstop Agreement.

15. "*503(b)(9) Claim*" means a Claim or any portion thereof entitled to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code.

16. "*Accredited Investor Eligible Holder*" means those holders of Allowed Senior Notes Claims that have the right to participate in the Accredited Investor Rights Offering as provided in the Accredited Investor Rights Offering Procedures and the corresponding subscription form.

17. "*Accredited Investor Rights*" means the rights to subscribe to up to the Accredited Investor Rights Offering Amount of Accredited Investor Rights Offering Equity at a price per share to be determined based on a twenty-five percent (25%) discount to Plan Value.

18. "*Accredited Investor Rights Offering*" means the offering of the Accredited Investor Rights, to be conducted in reliance upon the exemption from registration under the Securities Act provided in section 4(a)(2) of the Securities Act, to the Accredited Investor Rights Offering Participants in accordance with the Accredited Investor Rights Offerings Procedures.

19. "*Accredited Investor Rights Offering Amount*" means $117,698,919.

20. "*Accredited Investor Rights Offering Equity*" means New Common Stock issued pursuant to the Accredited Investor Rights Offering and the Backstop Agreement.

21. "*Accredited Investor Rights Offering Participants*" means the Holders of Allowed Senior Notes Claims that have the right to participate in the Accredited Investor Rights Offering as set forth in the Accredited Investor Rights Offering Procedures.

22. "*Accredited Investor Rights Offering Procedures*" means those certain rights offering procedures with respect to the Accredited Investor Rights Offering, which are attached to the Disclosure Statement.

23. "*Adequate Protection Claims*" means the First Lien Adequate Protection Claims and the Second Lien Adequate Protection Claims.

24. "*Administrative Agent*" means Citibank, N.A., as administrative agent under the Credit Agreement.

25. "*Administrative Claim*" means a Claim for costs and expenses of administration of the Estates under sections 503(b) (including 503(b)(9) Claims), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date through the Effective Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Professional Fee Claims; and (c) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911–1930.

26. "*Administrative Claims Bar Date*" means the deadline for filing requests for payment of Administrative Claims other than those that accrued in the ordinary course of the Debtors' business, which such deadline: (a) with respect to General Administrative Claims, shall be 30 days after the Effective Date; and (b) with respect to Professional Fee Claims, shall be 60 days after the Effective Date.

27. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

28. "*Allowed*" means with respect to any Claim (including any Administrative claim), or Equity Interest, except as otherwise provided herein: (a) a Claim or Equity Interest in a liquidated amount as to which no objection has been filed prior to the Claims Objection Deadline and that is evidenced by a Proof of Claim, or, if an Administrative Claim, request for payment, as applicable, that has been timely filed by the applicable Bar Date or that is not required to be

evidenced by a filed Proof of Claim or request for payment, as applicable, under the Plan, the Bankruptcy Code, or a Final Order; (b) a Claim or Equity Interest that has been listed by a Debtor in its Schedules (as such Schedules may be amended by the Debtors or the Reorganized Debtors from time to time in accordance with Bankruptcy Rule 1009) as liquidated in amount and not disputed, contingent, or unliquidated, and as for which no Proof of Claim has been timely filed in an unliquidated or a different amount; (c) any Claim expressly allowed by a Final Order or under the Plan; or (d) any Claim that is compromised, settled or otherwise resolved pursuant to a Final Order of the Bankruptcy Court; *provided*, *however*, that with respect to a Claim or Equity Interest described in clauses (a) and (b) above, such Claim or Equity Interest shall be considered Allowed only if and to the extent that with respect to such Claim or Equity Interest no objection to the allowance thereof has been or, in the Debtors' or Reorganized Debtors' reasonable good faith judgment, may be interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Court, or such an objection is so interposed and the Claim or Equity Interest, as applicable, shall have been Allowed by a Final Order; *provided*, *further*, that Claims temporarily allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered Allowed Claims; *provided*, *further*, that any Claim that is disallowed or disputed shall not be Allowed; *provided*, *further*, that an Allowed Claim shall not include any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code or any order of the Bankruptcy Court. Unless otherwise specified in the Plan or by order of the Bankruptcy Court, an Allowed Claim shall not, for any purpose under the Plan, include interest, costs, fees, or charges on such Claim from and after the Petition Date. Except for any Claim that is expressly Allowed herein, any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim has been filed, is not considered an Allowed Claim and shall be deemed expunged and disallowed upon entry of the Confirmation Order without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. For the avoidance of doubt, a Proof of Claim filed after the applicable Bar Date shall not be Allowed for any purpose whatsoever absent entry of a Final Order allowing such late-filed Claim. "Allow" and "Allowing" shall have correlative meanings.

29. "*Assumed Executory Contract and Unexpired Lease List*" means the list, as determined by the Debtors or the Reorganized Debtors, as applicable, of Executory Contracts and Unexpired Leases (with proposed cure amounts) that will be assumed by the Reorganized Debtors, which list shall be included in the Plan Supplement.

30. "*Assumed Executory Contracts and Unexpired Leases*" means those Executory Contracts and Unexpired Leases to be assumed by the applicable Reorganized Debtors, as set forth on the Assumed Executory Contract and Unexpired Lease List.

31. "*Backstop Agreement*" means that certain Backstop Commitment and Equity Investment Agreement, dated as of February 24, 2017, by and among the Debtors and the Backstop Parties, and annexed as Exhibit B to the *Debtors' Motion, Pursuant to Bankruptcy Code Sections 105(a) and 363(b) and Bankruptcy Rules 2002 and 6004, for Authority to (A) Enter Into Backstop Agreement and Equity Commitment Agreement and (B) Pay Fees and Expenses Thereunder*, [Docket No. 214], as the same may be amended, restated, or

supplemented from time to time in accordance with its terms, which shall be attached to the Disclosure Statement.

32. "*Backstop Agreement Order*" means the *Order Authorizing Debtors to (A) Enter into Backstop Commitment Agreement and Equity Commitment Agreement and (B) Pay Fees and Expenses Thereunder*, [Docket No. 424].

33. "*Backstop Parties*" means those parties that agree to backstop the Rights Offering pursuant to the Backstop Agreement and/or the Term Loan Purchase pursuant to the Backstop Agreement, each in its respective capacity as such.

34. "*Backstop Premium*" means a number of shares of fully diluted New Common Stock equal to six percent (6%) of the Rights Offering Equity and distributable to the Senior Commitment Parties under the Backstop Agreement Order.

35. *"Ballot"* means the form or forms distributions to certain Holders of Claims or Equity Interests entitled to vote on the Plan by which such parties may indicate acceptance or rejection of the Plan.

36. "*Bankruptcy Code*" means title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended from time to time.

37. "*Bankruptcy Court*" means the United States Bankruptcy Court for the Southern District of Texas or any other court having jurisdiction over the Chapter 11 Cases, including, to the extent of the withdrawal of any reference under 28 U.S.C. § 157, the United States District Court for the Southern District of Texas.

38. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

39. "*Bar Date*" means, as applicable: (a) April 30, 2017 for Persons, other than Governmental Units pursuant to the *Order Granting Complex Chapter Bankruptcy Case Treatment and Order Setting Bar Date for Filing Proofs of Claim* [Docket No. 56]; (b) July 31, 2017 for Governmental Units; (c) with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, the date that is 30 days after the later of: (i) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; and (ii) the effective date of such rejection; (d) the Administrative Claims Bar Date; and (e) any other date(s) fixed by order(s) of the Bankruptcy Court by which any Persons, including Governmental Units, asserting a Claim against any Debtor must have filed a Proof of Claim or Request for payment, as applicable, against such Debtor or be forever barred from asserting such Claim.

40. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

41. "*Cash*" means the legal tender of the U.S. and equivalents thereof, including bank deposits, checks, and other similar items.

42. "*Cash Management Order*" means the *Interim Order (I) Authorizing Continued Use of Existing Bank Accounts, Business Forms, and Cash Management System, (II) Addressing Requirements of Sections 345 of the Bankruptcy Code, and (III) Authorizing Continuation of Intercompany Transfers* [Docket No. 57], as may be amended.

43. "*Causes of Action*" means any claims, interests, Equity Interests, damages, remedies, causes of action, controversy, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, judgment, privileges, licenses, liens, indemnities, guaranties, and franchises of a Debtor or its Estate of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or pursuant to any other theory of law. Causes of Action also include: (a) all rights of setoff, counterclaim, cross claim, reduction, subordination, or recoupment and claims under contracts or for breaches of duties imposed by law or regulation of a Debtor or its Estate; (b) the right of a Debtor or its Estate to object to or otherwise contest Claims or Equity Interests; (c) claims of a Debtor or its Estate pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; (d) such claims and defenses of a Debtor or its Estate as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state or foreign law fraudulent transfer or similar claim of a Debtor or its Estate.

44. "*Chapter 11 Cases*" means, collectively: (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court; and (b) when used with reference to all the Debtors, the procedurally consolidated and jointly administered chapter 11 cases pending for the Debtors in the Bankruptcy Court.

45. "*Claim*" means any right to payment from a Debtor or from property of a Debtor or from an Estate, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, known or unknown, or asserted; or any right to an equitable remedy for breach of performance by a Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured; or any right to setoff or recoupment from a Debtor or from property of a Debtor or from an Estate.

46. "*Claims and Noticing Agent*" means Prime Clerk LLC, retained as the Debtors' notice and claims agent pursuant to the *Order Authorizing Appointment of Prime Clerk LLC as Claims, Noticing, and Solicitation Agent, Effective* Nunc Pro Tunc *to the Petition Date* [Docket No. 15].

47. "*Claims Objection Deadline*" means the later of: (a) the date that is 180 days after the Effective Date; and (b) such other date as may be fixed by the Bankruptcy Court, after notice and hearing, upon a motion filed before the expiration of the deadline to object to Claims or Equity Interests.

48. "*Claims Register*" means the official register of Claims maintained by the Claims and Noticing Agent.

49. "*Class*" means a category of Claims or Equity Interests as set forth in Article III of the Plan.

50. "*CM/ECF*" means the Bankruptcy Court's Case Management and Electronic Case filing system.

51. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

52. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

53. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

54. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

55. "*Consenting Creditors*" means, collectively, (a) the Consenting Lenders, (b) the Consenting Second Lien Noteholders, and (c) the Consenting Senior Noteholders.

56. "*Consenting Lenders*" means those certain Holders of Lender Claims that are or become parties to the RSA from time to time (including any party having the ability to direct or control such claims).

57. "*Consenting Second Lien Noteholders*" means those certain Holders of Second Lien Notes that are or become parties to the RSA from time to time (including any party having the ability to direct or control such notes).

58. "*Consenting Senior Noteholders*" means those certain Holders of Senior Notes that are or become parties to the RSA from time to time (including any party having the ability to direct or control such notes).

59. "*Consummation*" means the occurrence of the Effective Date.

60. [Reserved]

61. "*Credit Agreement*" means that certain Third Amended and Restated Credit Agreement, dated as of September 30, 2011, by and among Vanguard Natural Gas, LLC, as borrower, the Administrative Agent, and the lenders and agents party thereto, as may be amended, modified, or otherwise supplemented from time to time, and all other Loan Documents (as defined therein).

62. "*Creditors' Committee*" means the official committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code.

63. "*Cure Claim*" means a Claim (unless waived or modified by the applicable counterparty) based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such Executory Contract or Unexpired Lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code, other than with respect to a default that is not required to be cured under section 365(b)(2) of the Bankruptcy Code.

64. "*D&O Liability Insurance Policies*" means all insurance policies (including any "tail policy") of any of the Debtors for current or former directors,' managers,' and officers' liability.

65. "*Debtors*" means, collectively: (a) Vanguard Natural Resources, LLC; (b) Eagle Rock Acquisition Partnership, L.P.; (c) Eagle Rock Acquisition Partnership II, L.P.; (d) Eagle Rock Energy Acquisition Co., Inc.; (e) Eagle Rock Energy Acquisition Co. II, Inc.; (f) Eagle Rock Upstream Development Company, Inc.; (g) Eagle Rock Upstream Development Company II, Inc.; (h) Encore Clear Fork Pipeline LLC; (i) Escambia Asset Co. LLC; (j) Escambia Operating Co. LLC; (k) Vanguard Natural Gas, LLC; (l) Vanguard Operating, LLC; (m) VNR Finance Corp.; and (n) VNR Holdings, LLC.

66. "*DIP Agent*" means Citibank, N.A., solely in its capacity as administrative agent under the DIP Facility.

67. "*DIP Facility*" means, the senior secured debtor-in-possession revolving credit facility provided to the Debtors pursuant to: (a) that Debtor-In-Possession Credit Agreement between Vanguard Natural Gas, LLC, the DIP Agent, the DIP Issuing Bank, and the DIP Lenders, dated as of February 6, 2017; (b) all amendments thereto and extensions thereof; and (c) all Loan Documents (as defined therein) and all other security, guaranty and other documents and agreements related to the documents identified in (a) and (b).

68. "*DIP Facility Claim*" means a Claim arising under the DIP Facility.

69. "*DIP Issuing Bank*" means Citibank N.A., in its capacity as Issuing Bank under and as defined in the DIP Facility.

70. "*DIP Lenders*" means the Lenders under and as defined in the DIP Facility from time to time party thereto.

71. "*DIP Orders*" means, collectively, the Interim DIP Order and any interim or final order authorizing the Debtors to obtain postpetition financing or use cash collateral.

72. "*Disbursing Agent*" means Reorganized VNR Finance and Reorganized VNR and any other Entity or Entities selected by the Debtors or the Reorganized Debtors, as applicable, to make or facilitate distributions that are to be made on or after the Initial Distribution Date pursuant to the Plan.

73. "*Disclosure Statement*" means the *Disclosure Statement Relating to the Amended Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code*, dated May 24, 2017 [Docket No. [•]], as may be amended, including all exhibits and schedules thereto, as approved pursuant to the Disclosure Statement Order.

74. "*Disclosure Statement Order*" means the *Order: (I) Approving Debtors' Disclosure Statement for Amended Joint Plan of Reorganization; (II) Establishing Voting Record Date; (III) Approving Solicitation Packages and Distribution Procedures; (IV) Approving Forms of Ballot and Establishing Procedures for Voting on Joint Plan of Reorganization; (V) Approving Forms of Notice to Non-Voting Classes under Plan; (VI) Establishing Voting Deadline to Accept or Reject Plan; (VII) Approving Procedures for Vote Tabulations; (VIII) Approving Rights Offering Procedures and Related Materials; and (IX) Establishing Confirmation Hearing Date and Notice and Objection Procedures In Respect Thereof* [Docket No. [•]], as may be amended.

75. "*Disputed*" means with regard to any Claim or Equity Interest, a Claim or Equity Interest that is not yet Allowed.

76. "*Distribution Record Date*" means, other than with respect to any publicly held securities (including, without limitation, Second Lien Notes Claims and Senior Notes Claims) the record date for purposes of making distributions under the Plan on account of Allowed Claims and Equity Interests, which date shall be the date that is five (5) Business Days after the Confirmation Date or such other date as designated in a Final Order of the Bankruptcy Court.

77. "*DTC*" means the Depository Trust Company.

78. "*Effective Date*" means, with respect to the Plan and any such applicable Debtor(s), the date that is the first Business Day upon which: (a) no stay of the Confirmation Order is in effect; (b) with respect to the Debtors, all conditions precedent specified in Article IX.A and Article IX.B have been satisfied or waived (in accordance with Article IX.C); and (c) the Plan is declared effective with respect to such applicable Debtor(s).

79. "*Encana*" means Encana Oil & Gas (USA) Inc.

80. "*Encana Claim*" means any Claim asserted by Encana or any assertion of a property or similar interest by Encana in property of a Debtor's Estate.

81. "*Entity*" has the meaning set forth in section 101(15) of the Bankruptcy Code.

82. "*Equity Interest*" means any share of capital stock or other ownership interest or any other equity security (as defined in section 101(16) of the Bankruptcy Code) in any Debtor, whether or not transferable, including all issued, unissued, authorized or outstanding shares of stock, and any option, call, warrant, or right (contractual or otherwise) to purchase, sell, or subscribe for an ownership interest or other equity security in any Debtor, and any other rights, options, warrants, stock appreciation rights, phantom stock rights, restricted stock units, redemption rights, repurchase rights, convertible, exercisable or exchangeable securities or other agreements, arrangements or commitments of any character relating to, or whose value is related to, any such interest or other ownership interest in any Entity, including any Claim against the Debtors that is subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

83. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

84. "*Exchange Act*" means Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

85. "*Exculpated Parties*" means, collectively, and in each case in its capacity as such: (a) each of the Debtors and the Reorganized Debtors; (b) the Disbursing Agent; (c) the Consenting Creditors; (d) the DIP Agent; (e) the DIP Lenders; (f) the Lenders; (g) each Issuing Bank; (h) each DIP Issuing Bank; (i) each Swap Lender (as defined in the Credit Agreement); (j) each Treasury Management Bank (as defined in the Credit Agreement); (k) the Indenture Trustees; (l) the Backstop Parties; (m) the Administrative Agent; (n) the Creditors' Committee and its members (solely in their capacity as such); and (o) with respect to each of the foregoing identified in subsections (a) through (n) herein, each of such entities' respective shareholders, equityholders (regardless of whether such interests are held directly or indirectly) (other than with respect to an equity holder of a Debtor), predecessors, successors, assigns, affiliates, subsidiaries, members, principals, managers, current and former officers, current and former directors, employees, managers, managing members, advisory board members, partners, agents and subagents, attorneys, accountants, financial advisors, investment bankers, restructuring advisors, professionals, consultants, advisors, designees and representatives, each in their capacities as such.

86. "*Executory Contract*" means a contract to which one or more of the Debtors is a party and that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

87. "*Existing VNR Equity Interest*" means any Equity Interest in VNR outstanding immediately prior to the Effective Date.

88. "*Exit Facility*" means, collectively, the Exit Revolving Facility and the Exit Term A Facility.

89. "*Exit Facility Agent*" means the administrative agent under the Exit Facility.

90. "*Exit Facility Credit Agreement*" means the Credit Agreement as amended and restated in connection with the consummation of the Plan on the Effective Date.

91. "*Exit Facility Documents*" means, in connection with the Exit Facility, the Exit Facility Credit Agreement, the other Loan Documents (as defined in the Exit Facility Credit Agreement), all other collateral documents, Uniform Commercial Code filings, and other loan documents executed and delivered in connection with the Exit Facility, to be dated as of the Effective Date, in each case, governing the Exit Facility, which documents shall be included in the Plan Supplement.

92. "*Exit Facility Term Sheet*" means that certain term sheet setting forth the principal terms of the Exit Facility, which is attached to the Disclosure Statement.

93. "*Exit Revolving Facility*" means that certain senior, secured, first-lien "first-out" reserve-based revolving credit facility arising under the Exit Facility Credit Agreement and having terms consistent with the Exit Facility Term Sheet and on such other terms as set forth in the Exit Facility Credit Agreement and the other Exit Facility Documents.

94. "*Exit Revolving Loans*" means the "first-out" revolving loans arising under the Exit Revolving Facility in an aggregate principal amount equal to the lesser of (x) the initial borrowing base equal to $850,000,000 and (y) $850,000,000 multiplied by the Option 1 Participation Percentage, subject to the terms and conditions set forth in the Exit Facility Documents.

95. "*Exit Term A Facility*" means that certain "last-out" senior, secured, first-lien term loan facility arising under the Exit Facility Credit Agreement and having terms consistent with the Exit Facility Term Sheet and on such other terms as set forth in the Exit Facility Credit Agreement and the other Exit Facility Documents.

96. "*Exit Term A Loans*" means the "last-out" first lien term loans arising under the Exit Term A Facility, with an aggregate original principal amount equal to $125,000,000 multiplied by the Option 1 Participation Percentage, on the terms and conditions set forth in the Exit Facility Documents.

97. "*Exit Term B Documents*" means the credit agreement in respect of the Exit Term B Loans, collateral documents, Uniform Commercial Code statements, and other loan documents, to be dated as of the Effective Date, governing the Exit Term B Loans (if any), which documents shall be included in the Plan Supplement.

98. "*Exit Term B Facility*" means the Exit Term B Loans, on such terms as set forth in the Exit Term B Documents.

99. "*Exit Term B Loans*" means the term loan on the terms and conditions set forth in the Exit Term B Documents.

100. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date, compounded annually.

101. "*Final Distribution Date*" means a date after (a) the deadline for the Reorganized Debtors to interpose objections to Claims or Equity Interests has passed, (b) all such objections have been resolved by signed agreement with the Debtors or the Reorganized Debtors and/or a Final Order, as may be applicable, and (c) all Claims or Equity Interests that are Disputed Claims or Disputed Equity Interests have been estimated; *provided* that the Final Distribution Date shall be no later than thirty (30) days after the conclusion of all of (a), (b), and (c), or such later date as the Bankruptcy Court may establish, upon request by the Reorganized Debtors, for cause shown.

102. "*Final Order*" means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court and has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for *certiorari* or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for *certiorari* or other proceedings for a new trial, reargument, or rehearing shall then be pending or, (b) if an appeal, writ of *certiorari*, new trial, reargument, or rehearing thereof has been sought, (i) such order or judgment shall have been affirmed by the highest court to which such order was appealed, *certiorari* shall have been denied or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order and (ii) the time to take any further appeal, petition for certiorari, or move for a new trial, reargument, or rehearing shall have

expired; *provided*, *however*, that the possibility that a motion under section 502(j) of the Bankruptcy Code, Bankruptcy Rule 9024, or any applicable analogous rule, may be (but has not been) filed relating to such order shall not prevent such order from being a Final Order.

103. "*First Lien Adequate Protection Claims*" means the First Lien Superpriority Claims as defined in the DIP Orders.

104. "*General Administrative Claim*" means any Administrative Claim, other than a Professional Fee Claim or an Adequate Protection Claim.

105. "*General Unsecured Claims*" means, collectively, any Unsecured Claim and does not include any Administrative Claims, DIP Facility Claims, Professional Fee Claims, Priority Tax Claims, Other Secured Claims, Other Priority Claims, Lender Claims, Second Lien Notes Claims, Senior Notes Claims, Trade Claims, Intercompany Claims, Encana Claims, a claim under section 510(b) of the Bankruptcy Code, or a claim that may be asserted relating to any Equity Interest.

106. "*Glasscock Sale*" means the sale of certain of Vanguard Operating, LLC's oil and gas assets in Glasscock County, Texas, to OXY USA Inc. in accordance with the purchase and sale agreement approved by the Bankruptcy Court by the order dated May 19, 2017 [Docket No. 761].

107. "*Glasscock Sale Proceeds*" means the net Cash proceeds of the Glasscock Sale, which shall not be less than $75,000,000.

108. "*Governmental Unit*" has the meaning set forth in section 101(27) of the Bankruptcy Code.

109. "*GUC Cash Pool*" means Cash in an amount not to exceed $3,750,000.

110. "*GUC Eligible Holder*" means those holders of Allowed General Unsecured Claims that have the right to participate in the GUC Rights Offering as provided in the GUC Rights Offering Procedures and the corresponding subscription form.

111. "*GUC Equity Pool*" means, in the aggregate, a number of shares of New Common Stock (subject to dilution by (a) the New Common Stock issuable upon exercise of the New Warrants; (b) the New Management Incentive Plan; (c) the GUC Rights Offering Equity; and (d) New Common Stock issuable to Encana) equal to (x) 0.00000000628571% multiplied by (x) the total amount of Allowed General Unsecured Claims multiplied by (y) the number of shares of New Common Stock as of the Effective Date; *provided* that in no event shall the GUC Equity Pool exceed 0.22% of New Common Stock as of the Effective Date.

112. [Reserved]

113. "*GUC Rights*" means the rights to subscribe to GUC Rights Offering Equity in an amount up to the GUC Rights Offering Amount at a price per share to be determined based on a twenty-five percent (25%) discount to Plan Value.

114. "*GUC Rights Offering*" means the offering of the GUC Rights, to be conducted in reliance upon the exemption from registration under the Securities Act provided in section 4(a)(2) of the Securities Act, to GUC Rights Offering Participants in accordance with the GUC Rights Offerings Procedures.

115. "*GUC Rights Offering Amount*" means an amount equal to 21.86% of the total amount of all Allowed General Unsecured Claims and Allowed Encana Claims; *provided* that in no event shall the GUC Rights Offering Amount exceed the sum of (a) $7,651,000 and (b) 21.86% of the amount of the Allowed Encana Claims.

116. "*GUC Rights Offering Equity*" means New Common Stock issued pursuant to the GUC Rights Offering.

117. "*GUC Rights Offering Participants*" means the Holders of Allowed General Unsecured Claims that have the right to participate in the GUC Rights Offering and Encana as set forth in the GUC Rights Offering Procedures.

118. "*GUC Rights Offering Procedures*" means those certain rights offering procedures with respect to the GUC Rights Offering, which are attached to the Disclosure Statement.

119. "*Holder*" means an Entity holding a Claim or an Equity Interest, as applicable.

120. "*Impaired*" means, with respect to a Class of Claims or Equity Interests, a Class of Claims or Equity Interests that is impaired within the meaning of section 1124 of the Bankruptcy Code.

121. "*Indemnification Obligations*" means each of the Debtors' indemnification obligations, whether in the bylaws, certificates of incorporation or formation, limited liability company agreements, other organizational or formation documents, board resolutions, management or indemnification agreements, or employment or other contracts, for their current and former directors, officers, managers, employees, attorneys, accountants, investment bankers, and other professionals and agents of the Debtors, as applicable.

122. "*Indenture Trustee Charging Liens*" means any Lien or other priority in payment arising prior to the Effective Date to which an Indenture Trustee is entitled, pursuant to the applicable Notes Indenture, against distributions to be made to the Holders of the Notes for payment of the Indenture Trustee Fees and Expenses.

123. "*Indenture Trustee Fees and Expenses*" means the compensation, fees, expenses, disbursements and indemnity claims of the Indenture Trustees, including without limitation, any fees, expenses and disbursements of attorneys, advisors or agents retained or utilized by the Indenture Trustees, whether prior to or after the Petition Date and whether prior to or after the Effective Date.

124. "*Indenture Trustees*" means, collectively, (a) the 2019 Senior Notes Trustee, (b) the 2020 Senior Notes Trustee, and (c) the Second Lien Notes Trustee.

125. "*Initial Distribution Date*" means the date on which the Disbursing Agent shall make initial distributions to Holders of Allowed Claims or Equity Interests pursuant to the Plan, which shall be a date selected by the Reorganized Debtors that is on or as soon as reasonably practicable after the Effective Date.

126. "*Interim Distribution Date*" means the date that is no later than 180 calendar days after the Initial Distribution Date or the most recent Interim Distribution Date thereafter, which shall be the date on which interim distributions under the Plan are made, with such periodic Interim Distribution Dates occurring until the Final Distribution Date has occurred, it being understood that the Reorganized Debtors may increase the frequency of Interim Distribution Dates in their sole discretion as circumstances warrant.

127. "*Insurance Policies*" means any insurance policies, insurance settlement agreements, coverage-in-place agreements, or other agreements relating to the provision of insurance entered into by or issued to or for the benefit of any of the Debtors or their predecessors.

128. "*Intercompany Claim*" means any Claim held by any Debtor against a Debtor.

129. "*Intercompany Interest*" means any Equity Interest in a Debtor other than VNR.

130. "*Intercreditor Agreement*" means that certain Intercreditor Agreement, dated as of February 10, 2016, by and between the Administrative Agent and the Second Lien Notes Trustee, as may be amended, modified, or otherwise supplemented from time to time.

131. "*Interim Compensation Order*" means the *Order Establishing Procedures for Interim Compensation and Expense Reimbursement of Professionals* [Docket No. 280].

132. "*Interim DIP Order*" means the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507, Bankruptcy Rules 2002, 4001, and 9014, and Local Bankruptcy Rules 2002-1, 4001-1(b), 4002-1(i), and 9013-1 (I) Authorizing the Debtors to (A) Obtain Postpetition Senior Secured Superpriority Financing and (B) Use Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [Docket No. 63], as may be amended.

133. "*Internal Revenue Code*" means the Internal Revenue Code of 1986, as amended.

134. "*IRS*" means the Internal Revenue Service.

135. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

136. "*Lender*" means any secured party under the Credit Agreement or Loan Documents (as defined in the Credit Agreement).

137. "*Lender Claims*" means any Claim against the Debtors derived from or based on the Credit Agreement, including the First Lien Adequate Protection Claims.

138. "*Lender Paydown*" means the product of (a) $305,195,000 in Cash minus the amount of any Glasscock Sale Proceeds paid to the Holders of Lender Claims on account thereof on or prior to the Effective Date (such $305,195,000, as the same may be so reduced, the "*Net Cash Payment*"); multiplied by (b) the Option 1 Participation Percentage minus (c) the amount of $31,250,000 in Cash actually received by the Administrative Agent for the Exit Term A Loans for the purchase of $31,250,000 in principal amount of Exit Term A Loans on the Effective Date, which $31,250,000 shall be retained by the Lenders that have elected Option 1.

139. "*Lien*" has the meaning set forth in section 101(37) of the Bankruptcy Code.

140. "*NASDAQ*" means the NASDAQ Stock Market.

141. "*New Board*" means the board of directors of Reorganized VNR Finance on and after the Effective Date.

142. "*New Common Stock*" means the new shares of common stock, as applicable, in Reorganized VNR Finance to be issued and distributed under and in accordance with the Plan.

143. "*New Management Incentive Plan*" means that certain post-Effective Date management incentive plan, the terms of which shall be subject to approval by the New Board and shall authorize the issuance of awards representing ten percent (10%) of the New Common Stock, on a fully diluted basis as of the Effective Date, after giving effect to the issuance of the New Common Stock issuable in connection with the Rights Offering, the GUC Rights Offering, distributions from the GUC Equity Pool, New Common Stock issuable to Encana, the Second Lien Investment, and the Backstop Premium, and to the Holders of VNR Preferred Units, but subject to dilution by any New Common Stock issuable upon exercise of the New Warrants, which awards will be issued after the Effective Date at the discretion of the New Board and on terms to be determined by the New Board (including with respect to allocation, timing and structure of such issuance and the New Management Incentive Plan).

144. "*New Organizational Documents*" means such certificates or articles of incorporation, by-laws, limited liability company operating agreements, shareholders agreements, or other formation and governance documents of each of the Reorganized Debtors (or their applicable subsidiaries), as applicable, which documents shall be included in the Plan Supplement.

145. "*New Second Lien Noteholders*" means the Holders of the Allowed Second Lien Notes Claims, in their capacity as holders of the New Second Lien Notes.

146. "*New Second Lien Notes*" means those certain senior secured second lien notes due 2024 in an aggregate principal amount of $78,075,297.00, plus accrued and unpaid postpetition interest through the Effective Date pursuant to the Second Lien Notes, to be issued pursuant to the New Second Lien Notes Indenture.

147. "*New Second Lien Notes Documents*" means, collectively, (a) the New Second Lien Notes Indenture, and (b) all other agreements, documents, and instruments delivered or entered into in connection therewith (including any collateral agreement, guarantee agreements and intercreditor agreements), which documents shall be included in the Plan Supplement.

148. "*New Second Lien Notes Indenture*" means that certain indenture, dated as of the Effective Date, by and among certain of the Reorganized Debtors, the New Second Lien Notes Indenture Trustee, and the New Second Lien Noteholders, which shall contain terms substantially similar to the Second Lien Notes, but providing a 12 month later maturity, a 200 basis point increase to the interest rate, and providing that the transactions under the Plan will not constitute a change of control thereunder.

149. "*New Second Lien Notes Trustee*" means that certain indenture trustee under the New Second Lien Notes Indenture.

150. "*New Warrants"* means, collectively, (a) the VNR Common Unit New Warrants, and (b) the VNR Preferred Unit New Warrants.

151. "*Notes Indentures*" means, collectively, (a) the Second Lien Notes Indenture, and (b) the Senior Notes Indentures.

152. "*Notes*" means, collectively, (a) the Second Lien Notes, and (b) the Senior Notes.

153. "*NYSE*" means the New York Stock Exchange.

154. "*Option 1 Holder*" means a Holder of an Allowed Lender Claim that elects on its Ballot (or does not vote and/or fails to make any election on such Ballot and is deemed to elect) to participate in the Exit Facility, as a Lender thereunder, and to receive its Option 1 Pro Rata Share of the Lender Paydown as part of its distribution under the Plan on account of its Lender Claims.

155. "*Option 1 Participation Percentage*" means the percentage obtained by dividing (a) the amount of Lender Claims held by Option 1 Holders by (b) the sum of the amount of Lender Claims held by Option 1 Holders plus the amount of Lender Claims held by Option 2 Holders.

156. "*Option 1 Pro Rata Share*" means the proportion that the amount of a Lender Claim held by an Option 1 Holder bears to the aggregate amount of the Lender Claims held by all Option 1 Holders.

157. "*Option 2 Holder*" means a Holder of an Allowed Lender Claim that affirmatively elects on its Ballot to participate in the Exit Term B Loans.

158. "*Option 2 Pro Rata Share*" means the proportion that the amount of a Lender Claim held by an Option 2 Holder bears to the aggregate amount of the Lender Claims held by all Option 2 Holders.

159. "*Ordinary Course Professional Order*" means the *Order Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business,* Nunc Pro Tunc *to the Petition Date* [Docket No. 278].

160. "*Other Existing Equity Interest*" means any Existing VNR Equity Interest other than VNR Common Units or VNR Preferred Units.

161. "*Other Priority Claims*" means any Claim against a Debtor, other than an Administrative Claim, DIP Facility Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

162. "*Other Secured Claims*" means any Secured Claim against any of the Debtors other than the Lender Claims, the Second Lien Notes Claims, DIP Facility Claims, or a Secured Tax Claim.

163. "*Person*" means an individual, partnership, corporation, limited liability company, cooperative, trust, unincorporated organization, association, joint venture, Governmental Unit, or any other form of legal entity.

164. "*Petition Date*" means February 1, 2017.

165. "*Plan*" means this joint plan of reorganization under chapter 11 of the Bankruptcy Code, including the Plan Supplement and the exhibits and schedules hereto and thereto, as the same may be amended or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, and the terms hereof.

166. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, to be filed by the Debtors no later than 10 days before the Confirmation Hearing or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and additional documents filed with the Bankruptcy Court before the Effective Date as amendments to the Plan Supplement composed of, among other documents, the following: (a) the New Organizational Documents; (b) the Assumed Executory Contract and Unexpired Lease List; (c) the Rejected Executory Contract and Unexpired Lease List; (d) a list of retained Causes of Action; (e) the Registration Rights Agreement; (f) a schedule identifying the members of the New Board and management for the Reorganized Debtors and copies of new executive employment agreements; (g) the Workforce Obligations List; (h) the Exit Facility Documents; (i) the Exit Term B Documents; (j) the Exit Term B Documents; (k) the New Second Lien Notes Documents; (l) the Warrant Agreement; and (m) the Restructuring Transactions Chart. Any reference to the Plan Supplement in the Plan shall include each of the documents identified above as (a) through (m), as applicable.

167. "*Plan Value*" means the equity value of Reorganized VNR Finance (after including cash on hand of Reorganized VNR Finance of approximately $45,000,000) pro forma for the restructured capital structure, including after giving effect to the participation in the Rights Offering by Holders of Allowed Senior Notes Claims, based on an enterprise value of $1,425,000,000 (which enterprise value excludes cash on hand of Reorganized VNR Finance of $45,000,000), as determined in the manner specified in the Backstop Agreement.

168. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

169. "*Pro Rata*" means (a) the proportion that the amount of an Allowed Claim or Allowed Equity Interest in a particular Class bears to the aggregate amount of the Allowed Claims or Allowed Equity Interests in that Class, plus all Disputed Claims in such Class, or (b)

the proportion of the Allowed Claims or Allowed Equity Interests in a particular Class and other Classes entitled to share in the same recovery as such Claim or Equity Interest under the Plan.

170. "*Professional*" means an Entity, excluding those Entities entitled to compensation pursuant to the Ordinary Course Professional Order, that are: (a) retained pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code; *provided* that professionals employed by the Indenture Trustees, the Consenting Creditors, the Administrative Agent, or the Backstop Parties shall not be "Professionals" for purposes of the Plan.

171. "*Professional Fee Claims*" means all Administrative Claims for the compensation of Professionals and the reimbursement of expenses incurred by such Professionals through and including the Effective Date to the extent such fees and expenses have not been paid pursuant to the Interim Compensation Order or any other order of the Bankruptcy Court. To the extent the Bankruptcy Court denies or reduces by a Final Order any amount of a Professional's requested fees and expenses, then the amount by which such fees or expenses are reduced or denied shall reduce the applicable Professional Fee Claim.

172. "*Professional Fee Escrow Account*" means an interest-bearing account in an amount equal to the Professional Fee Reserve Amount and funded by the Debtors on the Effective Date, pursuant to Article II.A.2(b) of the Plan.

173. "*Professional Fee Reserve Amount*" means the total amount of Professional Fee Claims estimated in accordance with Article II.A.2(c) of the Plan.

174. "*Proof of Claim*" means a proof of Claim filed against any of the Debtors in the Chapter 11 Cases.

175. "*Proof of Equity Interest*" means a proof of Equity Interest filed against any of the Debtors in the Chapter 11 Cases.

176. "*Registration Rights Agreement*" means, if requested by the Backstop Parties, the registration rights agreement by and between Reorganized VNR Finance, the Backstop Parties (including their affiliates), and certain other parties that receive ten percent (10%) or more of the shares of New Common Stock issued under the Plan and/or the Rights Offering or cannot sell their shares under Rule 144 of the Securities Act without volume or manner of sale restrictions, as of the Effective Date, pursuant to which such parties shall be entitled to customary registration rights with respect to such New Common Stock, which agreement shall be in substantially the form to be filed with the Plan Supplement.

177. "*Reinstate*," "*Reinstated*," or "*Reinstatement*" means with respect to Claims and Equity Interests, that the Claim or Equity Interest shall be rendered unimpaired for purposes of section 1124 of the Bankruptcy Code.

178. "*Rejected Executory Contract and Unexpired Lease List*" means the list, as determined by the Debtors or the Reorganized Debtors, as applicable, of Executory Contracts and Unexpired Leases that will be rejected by the Reorganized Debtors pursuant to the Plan, which list shall be included in the Plan Supplement.

179. "*Released Parties*" means, collectively, and in each case only in its capacity as such: (a) each of the Debtors and the Reorganized Debtors; (b) the Consenting Creditors; (c) the DIP Agent; (d) the DIP Lenders; (e) the Lenders; (f) each Issuing Bank; (g) each DIP Issuing Bank; (h) each Swap Lender (as defined in the Credit Agreement); (i) each Treasury Management Bank (as defined in the Credit Agreement); (j) the Indenture Trustees; (k) the Backstop Parties; (l) the Administrative Agent; (m) the Creditors' Committee and its members (solely in their capacity as such); and (n) with respect to each of the foregoing identified in subsections (a) through (m) herein, each of such entities' respective shareholders, equityholders (regardless of whether such interests are held directly or indirectly) (other than with respect to an equity holder of a Debtor), predecessors, successors, assigns, affiliates, subsidiaries, members, principals, managers, current and former officers, current and former directors, employees, managers, managing members, advisory board members, partners, agents and subagents, attorneys, accountants, financial advisors, investment bankers, restructuring advisors, professionals, consultants, advisors, designees and representatives, each in their capacities as such; *provided*, *however*, that any Holder of a Claim or Equity Interest that opts out of the releases contained in the Plan shall not be a Released Party.

180. "*Releasing Parties*" means, collectively, and in each case only in its capacity as such: (a) each of the Debtors and the Reorganized Debtors; (b) the Creditors' Committee and its members (solely in their capacity as such); (c) the Consenting Creditors; (d) the DIP Agent; (e) the DIP Lenders; (f) the Lenders; (g) the Administrative Agent; (h) the Indenture Trustees; (i) the Backstop Parties; (j) all holders of Claims or Equity Interests that vote to accept the Plan or who are deemed to accept the Plan; (k) all holders of Claims or Equity Interests that abstain from voting on the Plan and who do not opt out of the releases provided by the Plan; (l) all holders of Claims or Equity Interests that vote to reject the Plan and who do not opt out of the releases provided by the Plan; and (m) with respect to each of the foregoing parties under (a) through (m), herein, each of such entities' respective shareholders, equityholders (regardless of whether such interests are held directly or indirectly), predecessors, successors, assigns, affiliates, subsidiaries, members, principals, managers, current and former officers, current and former directors, employees, managing members, advisory board members, agents, attorneys, accountants, financial advisors, investment bankers, restructuring advisors, professionals, consultants, advisors, and representatives, each in their capacities as such.

181. "*Reorganized Debtors*" means, collectively, and each in its capacity as such, the Debtors, as reorganized pursuant to and under the Plan or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date, and from and after the Effective Date shall include (without limitation) Reorganized VNR and Reorganized VNR Finance.

182. "*Reorganized VNR*" means VNR, as reorganized pursuant to and under the Plan, or any successor to it.

183. "*Reorganized VNR Finance*" means VNR Finance, as reorganized pursuant to and under the Plan, or any successor to it.

184. "*Required Consenting RBL Lenders*" means the Consenting RBL Lenders (as such term is defined in the RSA) holding at least sixty-six and two-thirds percent (66.66%) of the Consenting RBL Facility Claims (as such term is defined in the RSA).

185. "*Required Consenting Second Lien Noteholders*" means the Consenting Second Lien Noteholders (as such term is defined in the RSA) holding at least sixty-six and two-thirds percent (66.66%) of the Consenting Second Lien Notes Claims (as such term is defined in the RSA).

186. "*Required Consenting Senior Noteholders*" means those parties holding at least sixty-six and two-thirds percent (66.66%) of the Backstop Commitments as identified on Exhibit E to the RSA.

187. "*Requisite Commitment Parties*" has the meaning set forth in the Backstop Agreement.

188. "*Restructuring Transactions*" means, collectively, those mergers, amalgamations, consolidations, arrangements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Debtors and the Required Consenting Senior Noteholders reasonably determine to be necessary or desirable to implement the Plan with respect to the Debtors in a manner consistent with the RSA and the Backstop Agreement.

189. "*Restructuring Transactions Chart*" means, collectively, those charts, diagrams, presentations, and related materials describing certain Restructuring Transactions, all of which shall be included in the Plan Supplement.

190. "*Rights*" means, collectively, the 1145 Rights and the Accredited Investor Rights.

191. "*Rights Offering*" means, collectively, the 1145 Rights Offering, the Accredited Investor Rights Offering and the 4(a)(2) Backstop Commitment.

192. "*Rights Offering Equity*" means, collectively, the 1145 Rights Offering Equity, the Accredited Investor Rights Offering Equity and the 4(a)(2) Backstop Commitment Equity.

193. "*Rights Offering Participants*" means, as applicable, (a) the 1145 Rights Offering Participants, (b) the Accredited Investor Rights Offering Participants, and (c) the participants in the 4(a)(2) Backstop Commitment.

194. "*Rights Offering Procedures*" means, as applicable, the 1145 Rights Offering Procedures and the Accredited Investor Rights Offering Procedures.

195. "*Royalty and Working Interests*" means working interests granting the right to exploit oil and gas, and certain other royalty or mineral interests, including but not limited to,

landowner's royalty interests, overriding royalty interests, net profit interests, non-participating royalty interests, and production payments.

196. "*RSA*" means that certain Restructuring Support Agreement, dated as of February 1, 2017, by and between the Debtors and the Consenting Creditors, as may be amended, restated, or supplemented from time to time, which shall be attached to the Disclosure Statement.

197. "*Schedules*" means the schedules of assets and liabilities, schedules of Executory Contracts or Unexpired Leases, and statement of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code, the official bankruptcy forms, and the Bankruptcy Rules.

198. "*SEC*" means the Securities and Exchange Commission.

199. "*Second Lien Adequate Protection Claims*" means the Second Lien Superpriority Claims as defined in the DIP Orders.

200. "*Second Lien Investment*" means the purchase by the Second Lien Investors of the Second Lien Investment Equity for an aggregate purchase price of $19,250,000.00 at a price per share to be determined based on a twenty-five percent (25%) discount to Plan Value.

201. "*Second Lien Investment Agreement*" means the agreement whereby the Second Lien Investors committed to make the Second Lien Investment, which shall be attached to the Disclosure Statement.

202. "*Second Lien Investment Equity*" means, in the aggregate, a number of shares of New Common Stock equal to six and four-tenths percent (6.4%) as of the Effective Date (subject to dilution by (a) the New Common Stock issuable upon exercise of the New Warrants, (b) the New Management Incentive Plan), (c) the GUC Rights Offering Equity, and (d) New Common Stock issuable to Encana).

203. "*Second Lien Investors*" means the Consenting Second Lien Noteholders, in their capacity as purchasers of the Second Lien Investment Equity.

204. "*Second Lien Notes*" means those certain 7.00% Senior Secured Second Lien Notes due February 15, 2023, issued by VNR and VNR Finance pursuant to the Second Lien Notes Indenture.

205. "*Second Lien Notes Claims*" means any Claim derived from or arising under the Second Lien Notes, the Second Lien Notes Indenture or the Notes Documents (as defined in the Second Lien Notes Indenture), including the Second Lien Adequate Protection Claims. The Second Lien Notes Claims are Allowed Claims as set forth in Article III.B.5(b).

206. "*Second Lien Notes Indenture*" means that certain Indenture, dated as of February 10, 2016, by and among VNR and VNR Finance, as issuers, and the Second Lien Notes Trustee, as may be amended, restated or otherwise supplemented from time to time.

207. "*Second Lien Notes Trustee*" means Delaware Trust Company, as trustee under the Second Lien Notes Indenture.

208. "*Secured*" means when referring to a Claim: (a) secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) Allowed pursuant to the Plan or separate order of the Bankruptcy Court as a secured claim.

209. "*Secured Tax Claim*" means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code (determined irrespective of any time limitations therein and including any related Secured Claim for penalties).

210. "*Securities Act*" means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

211. "*Security*" or "*Securities*" has the meaning set forth in section 2(a)(1) of the Securities Act.

212. "*Senior Commitment Party*" has the meaning set forth in the Backstop Agreement.

213. "*Senior Notes*" means, collectively, (a) the 2019 Senior Notes, and (b) the 2020 Senior Notes.

214. "*Senior Note Claim Distribution*" means, in the aggregate, a number of shares of New Common Stock equal to ninety-seven percent (97%) of the aggregate New Common Stock as of the Effective Date (subject to dilution by (a) the Rights Offering Equity, (b) the GUC Rights Offering Equity, (c) New Common Stock issued and distributed from the GUC Equity Pool, (d) the Second Lien Investment Equity, (e) the Backstop Premium, (f) the New Common Stock issuable upon exercise of the New Warrants, (g) the New Common Stock issuable to Encana, and (h) the New Management Incentive Plan).

215. "*Senior Notes Claims*" means any Claim derived from or arising under the Senior Notes.

216. "*Senior Notes Indentures*" means, collectively, (a) the 2019 Senior Notes Indenture, and (b) the 2020 Senior Notes Indenture.

217. "*Senior Notes Trustees*" means, collectively (a) the 2019 Senior Notes Trustee, and (b) the 2020 Senior Notes Trustee.

218. "*Term Loan Purchase*" means the $31,250,000 in principal amount of Exit Term A Loans to be purchased on the Effective Date by certain Consenting Senior Noteholders for cash at par (on a pro rata basis in accordance with their Option 1 Pro Rata Share from all holders of Lender Claims that elected Option 1) in connection with the consummation of the Plan and pursuant to the Backstop Agreement.

219. "*Trade Claims*" means any Allowed Claim held by a Trade Creditor against the Debtors; *provided*, that Trade Claims shall not include Administrative Claims or any Claim of a Trade Creditor that is otherwise paid in full pursuant to an order of the Bankruptcy Court.

220. "*Trade Claims Distribution Pool*" means an amount equal to $3,000,000 to be used for Cash payments on account of Trade Claims in accordance with the Plan.

221. "*Trade Creditor*" means each trade creditor or vendor who has entered into an agreement with the Debtors to have an ongoing business relationship with the Debtors as of and after the Effective Date.

222. "*U.S.*" means the United States of America.

223. "*U.S. Trustee*" means the Office of the U.S. Trustee Region 7 for the Southern District of Texas.

224. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

225. "*Unimpaired*" means, with respect to a Class of Claims or Equity Interests, a Class of Claims or Equity Interests that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

226. "*Unsecured Claim*" any Claim that is not Secured by a Lien on property in which one of the Debtors' Estates has an interest.

227. "*VNR*" means Vanguard Natural Resources, LLC.

228. "*VNR Finance*" means VNR Finance Corp.

229. "*VNR Common Unit New Warrants*" means the 3-year warrants issued to Holders of Allowed VNR Common Units for three percent (3%) of the New Common Stock as of the Effective Date (subject to dilution by the New Management Incentive Plan) exercisable at a total enterprise value to be calculated based on actual net debt as calculated in accordance with Exhibit A of the RSA, plus Allowed General Unsecured Claims (including rejection damage claims), Trade Claims, DIP Facility Claims and Administrative Claims, and the liquidation preference of the VNR Preferred Units, each as determined as of the Effective Date without giving effect to the Rights Offering, the GUC Rights Offering, the Backstop Agreement, or the Second Lien Investment, on the terms set forth in the Warrant Agreement.

230. "*VNR Common Units*" means the common units representing limited liability company interests in VNR, which are traded publicly on NASDAQ under the ticker symbol VNR.

231. "*VNR Preferred Unit Equity Distribution*" means, in the aggregate, a number of shares of New Common Stock equal to three percent (3%) of the New Common Stock as of the Effective Date (subject to dilution by (a) the Rights Offering Equity, (b) GUC Rights Offering Equity, (c) New Common Stock issued and distributed from the GUC Equity Pool, (d) the

Second Lien Investment Equity, (e) the Backstop Premium, (f) the New Common Stock issuable upon exercise of the New Warrants, (g) the New Common Stock issuable to Encana, and (h) the New Management Incentive Plan).

232. "*VNR Preferred Unit New Warrants*" means the 3-year warrants issued to Holders of Allowed VNR Preferred Units for three percent (3%) of the New Common Stock as of the Effective Date (subject to dilution by the New Management Incentive Plan) exercisable at a total enterprise value to be calculated based on actual net debt as calculated in accordance with Exhibit A of the RSA, plus Allowed General Unsecured Claims (including rejection damage claims), Trade Claims, DIP Facility Claims and Administrative Claims, each as determined as of the Effective Date without giving effect to the Rights Offering, the GUC Rights Offering, the Backstop Agreement, or the Second Lien Investment, on the terms set forth in the Warrant Agreement.

233. "*VNR Preferred Units*" means, collectively, (a) the 7.875% Series A Cumulative Redeemable Perpetual Preferred Units, (b) the 7.625% Series B Cumulative Redeemable Perpetual Preferred Units, and (c) the 7.75% Series C Cumulative Redeemable Perpetual Preferred Units.

234. "*Warrant Agreement*" means that certain agreement providing for, among other things, the issuance and terms of the New Warrants, which agreement shall be in substantially the form to be filed with the Plan Supplement.

B. Rules of Interpretation.

For the purposes of the Plan: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not filed, having been filed or to be filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (d) any reference to an Entity as a Holder of a Claim or Equity Interest includes that Entity's successors and assigns; (e) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (f) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (g) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (h) subject to the provisions of any contract, certificate of incorporation, or similar formation document or agreement, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (j) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall

apply; (k) any term used in capitalized form but that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (l) all references to docket numbers of documents filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (m) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (n) any immaterial effectuating provisions may be interpreted by the Reorganized Debtors in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity; and (o) except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or to the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

C. Computation of Time.

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day. Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

D. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided*, *however*, that corporate governance matters relating to the Debtors or the Reorganized Debtors, as applicable, shall be governed by the laws of the state of incorporation or formation of the relevant Debtor or Reorganized Debtor, as applicable.

E. Reference to Monetary Figures.

All references in the Plan to monetary figures shall refer to currency of the U.S., unless otherwise expressly provided.

F. Conflicts.

In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Confirmation Order and the Plan, the Confirmation Order shall control.

G. Consent and Approval Rights with Respect to Documentation.

Each document, agreement, term, and condition that is referenced, described, or set forth in the Plan (including, without limitation, any Plan Supplement document or definitive or ancillary document contemplated to be entered into in connection with the Restructuring Transactions or the implementation thereof, including any amendments or modifications thereto) shall be subject to all applicable consent and approval rights of the parties to the RSA and Backstop Agreement, in each case, to the extent set forth therein, and such consent and approval rights are hereby expressly incorporated by reference into the Plan, provided that given the Creditors' Committee's support of the Plan (as demonstrated by their agreement to provide a letter encouraging Holders of General Unsecured Claims and Encana Claims to vote in favor of the Plan), (i) any changes to the treatment of Holders of General Unsecured Claims or Encana Claims and (ii) any other changes that impact the rights of Holders of General Unsecured Claims or Encana Claims contemplated by the Plan (including, without limitation, release and exculpation provisions) shall require the consent of the Creditors' Committee, and the GUC Rights Offering Procedures and related forms shall be in form and substance reasonably acceptable to the Creditors' Committee.

ARTICLE II.
ADMINISTRATIVE CLAIMS, DIP FACILITY CLAIMS, AND PRIORITY TAX CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Professional Fee Claims, Adequate Protection Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Equity Interests. Each of the Debtors shall be obligated to satisfy only the Allowed Administrative Claims, DIP Facility Claims, or Priority Tax Claims of its respective Estate.

A. Administrative Claims.

1. General Administrative Claims.

Except as specified in this Article II, unless the Holder of an Allowed General Administrative Claim and the Debtors or the Reorganized Debtors, as applicable, agree to less favorable treatment, each Holder of an Allowed General Administrative Claim will receive, in full satisfaction of its General Administrative Claim, Cash equal to the amount of such Allowed General Administrative Claim either: (a) on the Effective Date; (b) if the General Administrative Claim is not Allowed as of the Effective Date, 60 days after the date on which an order allowing such General Administrative Claim becomes a Final Order, or as soon thereafter as reasonably practicable; or (c) if the Allowed General Administrative Claim is based on a liability incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction or agreement giving rise to such Allowed General Administrative Claim, without any further action by the Holders of such Allowed General Administrative Claim, and without any further notice to or action, order, or approval of the Bankruptcy Court. Notwithstanding the foregoing, no request for payment of a General Administrative Claim need be filed with respect to a General Administrative Claim previously Allowed by Final Order.

Except for Claims of Professionals, requests for payment of General Administrative Claims that were not accrued in the ordinary course of business must be filed and served on the Debtors or the Reorganized Debtors, as applicable, no later than the Administrative Claims Bar Date applicable to the Debtor against whom the General Administrative Claim is asserted pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date. Holders of General Administrative Claims that are required to file and serve a request for payment of such General Administrative Claims by the Administrative Claims Bar Date that do not file and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such General Administrative Claims against the Debtors, the Reorganized Debtors, or their respective property, and such General Administrative Claims shall be deemed forever discharged and released as of the Effective Date. Any requests for payment of General Administrative Claims that are not properly filed and served by the Administrative Claims Bar Date shall not appear on the Claims Register and shall be disallowed automatically without the need for further action by the Debtors or the Reorganized Debtors or further order of the Bankruptcy Court.

The Reorganized Debtors, in their sole and absolute discretion, may settle General Administrative Claims in the ordinary course of business without further Bankruptcy Court approval. The Reorganized Debtors may also choose to object to any Administrative Claim no later than 60 days from the Administrative Claims Bar Date, subject to extensions by the Bankruptcy Court, agreement in writing of the parties, or on motion of a party in interest approved by the Bankruptcy Court. Unless the Debtors or the Reorganized Debtors (or other party with standing) object to a timely filed and properly served Administrative Claim, such Administrative Claim will be deemed Allowed in the amount requested. In the event that the Debtors or the Reorganized Debtors object to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court will determine whether such Administrative Claim should be allowed and, if so, in what amount.

2. Professional Compensation.

(a) Final Fee Applications.

All final requests for payment of Professional Fee Claims, including the Professional Fee Claims incurred during the period from the Petition Date through the Effective Date, must be filed and served on the Reorganized Debtors no later than 60 days after the Effective Date. All such final requests will be subject to approval by the Bankruptcy Court after notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court in the Chapter 11 Cases, including the Interim Compensation Order, and once approved by the Bankruptcy Court, promptly paid from the Professional Fee Escrow Account up to its full Allowed amount.

(b) Professional Fee Escrow Account.

On the Effective Date, the Reorganized Debtors shall establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account shall be maintained in trust solely for the Professionals. Such funds shall not be considered property of the Estates of the Debtors or the Reorganized Debtors. The

amount of Professional Fee Claims owing to the Professionals shall be paid in Cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Account as soon as reasonably practicable after such Professional Fee Claims are Allowed by a Final Order. When all such Allowed amounts owing to Professionals have been paid in full, any remaining amount in the Professional Fee Escrow Account shall promptly be paid to the Reorganized Debtors, without any further action or order of the Bankruptcy Court. If the Professional Fee Escrow Account is insufficient to fund the full Allowed amounts of Professional Fee Claims, remaining unpaid Allowed Professional Fee Claims will be paid by the Debtors or the Reorganized Debtors, as applicable.

(c) Professional Fee Reserve Amount.

Professionals shall estimate their unpaid Professional Fee Claims and other unpaid fees and expenses incurred in rendering services to the Debtors before and as of the Effective Date and shall deliver such estimate to the Debtors no later than two Business Days before the Effective Date; *provided*, *however*, that such estimate shall not be deemed to limit the amount of the fees and expenses that are the subject of the Professional's final request for payment of filed Professional Fee Claims. If a Professional does not provide an estimate, the Debtors or Reorganized Debtors may estimate the unpaid and unbilled fees and expenses of such Professional. The total amount estimated pursuant to this section shall comprise the Professional Fee Reserve Amount.

(d) Post-Effective Date Fees and Expenses.

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Adequate Protection Claims.

The Administrative Agent and the Lenders will receive the treatment provided for Allowed Lender Claims in Article III.B.4 in full and complete satisfaction of the First Lien Adequate Protection Claims held by the Lenders.

The Second Lien Notes Trustee and the Holders of the Second Lien Notes will receive the treatment provided for Second Lien Notes Claims in Article III.B.5 in full and complete satisfaction of the Second Lien Adequate Protection Claims held by the Second Lien Notes Trustee and the Holders of the Second Lien Notes.

B. DIP Facility Claims.

Subject to the terms, conditions, and priorities set forth in the DIP Orders, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed DIP Facility Claim, each such Allowed DIP Facility Claim shall be paid in full in Cash by the Debtors on the Effective Date in an amount equal to the Allowed amount of such DIP Facility Claim and all commitments to make Loans and/or advances under the DIP Facility shall terminate and all Loan Documents (as defined therein) shall terminate and be of no further force or effect. Upon the indefeasible payment or satisfaction in full in Cash of the DIP Facility Claims (other than any DIP Facility Claims based on the Debtors' contingent obligations under the DIP Facility for which no claim has been made) in accordance with the terms of this Plan, on the Effective Date, all Liens granted to secure such obligations shall be terminated and of no further force or effect.

C. Priority Tax Claims.

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code and, for the avoidance of doubt, Holders of Allowed Priority Tax Claims will receive interest on such Allowed Priority Tax Claims after the Effective Date in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code.

D. Statutory Fees.

All fees due and payable pursuant to section 1930 of Title 28 of the United States Code before the Effective Date with respect to the Debtors shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors (or the Disbursing Agent on behalf of each of the Reorganized Debtors) shall pay any and all such fees when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. Each Debtor 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.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Classification of Claims and Equity Interests.

Claims and Equity Interests, except for Administrative Claims, Adequate Protection Claims, Professional Fee Claims, DIP Facility Claims and Priority Tax Claims, are classified in the Classes set forth in this Article III. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Equity Interest qualifies within the description of such other Classes. A Claim or Equity 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 Equity Interest is an Allowed Claim or Allowed Equity Interest

in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date. The Debtors reserve the right to assert that the treatment provided to Holders of Claims (other than General Unsecured Claims) and Equity Interests pursuant to Article III.B of the Plan renders such Holders Unimpaired.

The Plan constitutes a separate chapter 11 plan of reorganization for each Debtor, each of which shall include the classifications set forth below. For all purposes under the Plan, each Class will contain sub-Classes for each of the Debtors; *provided*, that (a) any Class that is vacant as to a particular Debtor will be treated in accordance with Article III.D below and (b) to the extent that a Class contains Claims or Equity Interests only with respect to one or more particular Debtor, such Class applies solely to such Debtor.

The following chart represents the classification of Claims and Equity Interests for each Debtor pursuant to the Plan.

Class	Claims and Equity Interests	Status	Voting Rights
Class 1	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 3	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 4	Lender Claims	Impaired	Entitled to Vote
Class 5	Second Lien Notes Claims	Impaired	Entitled to Vote
Class 6	Senior Notes Claims	Impaired	Entitled to Vote
Class 7	General Unsecured Claims	Impaired	Entitled to Vote
Class 8	Encana Claims	Impaired	Entitled to Vote
Class 9	Trade Claims	Impaired	Entitled to Vote
Class 10	Intercompany Claims	Unimpaired/ Impaired	Not Entitled to Vote (Deemed to Accept/Reject)
Class 11	Intercompany Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 12	VNR Preferred Units	Impaired	Entitled to Vote
Class 13	VNR Common Units	Impaired	Entitled to Vote
Class 14	Other Existing Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Equity Interests.

To the extent a Class contains Allowed Claims or Allowed Equity Interests with respect to any Debtor, the classification of Allowed Claims and Allowed Equity Interests is specified below.

1. Class 1 – Secured Tax Claims.

(a) *Classification*: Class 1 shall consist of Secured Tax Claims.

(b) *Treatment*: On or as soon after the Effective Date as practicable, unless the Reorganized Debtors and the Holder of an Allowed Secured Tax Claim agree to less favorable treatment (in which event such other agreement will govern, but solely as between such Holder of an Allowed Secured Tax Claim and the Reorganized Debtors), each Holder of an Allowed Secured Tax Claim shall receive, on account of and in full and final satisfaction, settlement, release, and discharge of such Claim and any Liens securing such Claim, in accordance with sections 1129(a)(9)(C) and (D) of the Bankruptcy Code, Cash in the amount of such Allowed Secured Tax Claim: (i) on, or as soon as practicable after, the later of (A) the Effective Date and (b) the date such Secured Tax Claim becomes an Allowed Secured Tax Claim; or (ii) in regular payments in equal installments over a period of time not to exceed five (5) years after the Petition Date with interest at a rate determined in accordance with section 511 of the Bankruptcy Code; *provided*, that the first such regular payment shall represent a percentage recovery at least equal to that expected to be received by the most favored Holders of Allowed General Unsecured Claims; *provided further*, that the Reorganized Debtors may prepay the entire amount of the Allowed Secured Tax Claim at any time in its sole discretion. All Allowed Secured Tax Claims that are not due and payable on or before the Effective Date shall be paid by the Reorganized Debtors when such claims become due and payable in the ordinary course of business in accordance with the terms thereof.

(c) *Voting*: Class 1 is Unimpaired by the Plan. Holders of Claims in Class 1 are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class 2 – Other Secured Claims.

(a) *Classification*: Class 2 consists of Other Secured Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder shall receive, at the option of the applicable Debtor(s), either:

(i) payment in full in Cash;

(ii) delivery of collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code;

(iii) Reinstatement of such Claim; or

(iv) other treatment rendering such Claim Unimpaired.

(c) *Voting*: Class 2 is Unimpaired under the Plan. Holders of Claims in Class 1 are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class 3 – Other Priority Claims.

(a) *Classification*: Class 3 consists of Other Priority Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder shall receive, at the option of the applicable Debtor(s), either:

(i) payment in full in Cash; or

(ii) other treatment rendering such Claim Unimpaired.

(c) *Voting*: Class 3 is Unimpaired under the Plan. Holders of Claims in Class 2 are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

4. Class 4 – Lender Claims.

(a) *Classification*: Class 4 consists of Lender Claims.

(b) *Allowance*: The Lender Claims shall be Allowed in an aggregate principal amount of $1,248,945,000 plus (x) any accrued and unpaid interest (whether pre or post Petition Date) at the non-default rate provided in the Credit Agreement through and including the Effective Date (the "*Credit Agreement Interest*"), and (y) all pre- and post-Petition Date fees, expenses, and other charges (including professional fees and expenses) payable by the Debtors in accordance with the terms of the Credit Agreement (the "*Credit Agreement Fees and Expenses*").

(c) *Treatment*: Notwithstanding any other provision of this Plan to the contrary, on the Effective Date, except to the extent that a Holder of an

Allowed Lender Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Lender Claim, each such Holder shall receive its Pro Rata share of (x) cash in the amount of the Credit Agreement Interest, plus (y) cash in the amount of its Pro Rata share of the Glasscock Sale Proceeds. In addition, each such Holder shall receive treatment under either Option 1 or Option 2 below:

Option 1: If the Holder elects (or is deemed to elect, upon its execution of the Exit Facility Credit Agreement) Option 1 on its Ballot, it shall also receive its Option 1 Pro Rata Share of:

(i) the Lender Paydown;

(ii) the Exit Revolving Loans; and

(iii) the Exit Term A Loans

-or-

Option 2: If such Holder elects Option 2 on its Ballot, it shall also receive its Option 2 Pro Rata Share of the Exit Term B Loans.

For the avoidance of doubt, a Holder electing Option 2 shall not receive any portion of the Lender Paydown, Exit Revolving Loans, or Exit Term A Loans. Rather, each Holder electing Option 2 shall receive only its Option 2 Pro Rata Share of the Exit Term B Loans in a principal amount equal to the Pro Rata distribution it otherwise would have received with respect to the Lender Paydown, Exit Revolving Loans, and Exit Term A Loans.

In addition, all Credit Agreement Fees and Expenses shall be paid in full on the Effective Date.

(d) *Voting*: Class 4 is Impaired under the Plan. Holders of Claims in Class 4 are entitled to vote to accept or reject the Plan.

5. Class 5 – Second Lien Notes Claims.

(a) *Classification*: Class 5 consists of Second Lien Notes Claims.

(b) *Allowance*: The Second Lien Notes Claims shall be Allowed in the aggregate principal amount equal to $78,075,297.00, plus accrued and unpaid postpetition interest at the non-default rate through the Effective Date pursuant to the Second Lien Notes. For the avoidance of doubt, the Second Lien Notes Claims shall not be increased by any make-whole or prepayment premium on account of the Restructuring Transactions described herein.

(c) *Treatment*: On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Second Lien Notes Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Second Lien Notes Claim, each such Holder shall receive its Pro Rata share of the New Second Lien Notes. Distribution to each Holder of an Allowed Second Lien Notes Claim shall be subject to the rights and the terms of the Second Lien Notes Indenture.

(d) *Voting*: Class 5 is Impaired under the Plan. Holders of Claims in Class 5 are entitled to vote to accept or reject the Plan.

6. Class 6 – Senior Notes Claims.

(a) *Classification*: Class 6 consists of Senior Notes Claims.

(b) *Allowance*: The Senior Notes Claims are Allowed in the amount of (i) (A) $51,833,550.00 due under the 2019 Senior Notes and (B) $391,853,038.00 due under the 2020 Senior Notes, plus (ii) if Allowed, accrued and unpaid interest (but excluding any amounts included in clauses (A) or (B)), premiums, fees and costs and expenses, including, without limitation, attorney's fees, trustee's fees, and other professional fees and disbursements, and other obligations owing under the Senior Notes Indentures.

(c) *Treatment*: On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Senior Notes Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Senior Notes Claim, each such Holder shall receive: (i) its Pro Rata share of the Senior Note Claim Distribution; and (ii) the opportunity to participate in the 1145 Rights Offering and the Accredited Investor Rights Offering in accordance with the Plan and the applicable Rights Offering Procedures; *provided* that only Accredited Investor Eligible Holders shall be entitled to participate in the Accredited Investor Rights Offering.

(d) *Voting*: Class 6 is Impaired under the Plan. Holders of Claims in Class 6 are entitled to vote to accept or reject the Plan.

7. Class 7 – General Unsecured Claims.

(a) *Classification*: Class 7 consists of General Unsecured Claims.

(b) *Treatment*: Except to the extent that a Holder of an Allowed General Unsecured Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, each such

Holder shall, at its election, for its entire Allowed General Unsecured Claim, either (i) receive (x) its Pro Rata share of the GUC Equity Pool and (y) if such Holder is a GUC Eligible Holder, the opportunity to participate in the GUC Rights Offering in accordance with the terms of this Plan and the GUC Rights Offering Procedures or (ii) participate in the GUC Cash Pool as set forth below. In the event a Holder participates in the GUC Cash Pool, its Pro Rata share of the GUC Equity Pool and GUC Rights shall be cancelled.

(c) *GUC Cash Pool*: If the Holder of an Allowed General Unsecured Claim elects to participate in the GUC Cash Pool, such Holder will receive, following Allowance of its Claim, Cash equal to 12% of the amount of its Allowed General Unsecured Claim; *provided*, that (i) if the GUC Cash Pool has been exhausted, Holders of Allowed General Unsecured Claims will no longer be able to elect to participate in the GUC Cash Pool, and all such Holders will receive the treatment described in Article III.B.7(b)(i); and (ii) provided further that the Reorganized Debtors shall retain any Cash left in the GUC Cash Pool following the resolution of all Disputed Claims and the payment of all Cash required by this Article III.B.7(c).

(d) *Voting*: Class 7 is Impaired under the Plan. Holders of Claims in Class 7 are entitled to vote to accept or reject the Plan.

8. Class 8 – Encana Claims

(a) *Classification*: Class 8 consists of Encana Claims.

(b) *Allowance*: No Encana Claims shall be Allowed except as provided in a Final Order of the Bankruptcy Court.

(c) *Treatment*: Following the Allowance of the Encana Claims, in full and final satisfaction, settlement, release, and discharge of and in exchange for the Encana Claims, Encana shall receive (i) New Common Stock at the same rate as Holders of Allowed General Unsecured Claims and (ii) the opportunity to participate in the GUC Rights Offering.

(d) *Voting*: Class 8 is Impaired under the Plan. Holders of Claims in Class 8 are entitled to vote to accept or reject the Plan.

9. Class 9 – Trade Claims.

(a) *Classification*: Class 9 consists of Trade Claims.

(b) *Treatment*: On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Trade Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Trade Claim, each such Holder shall receive Cash in an amount

equal to its Pro Rata share of the Trade Claims Distribution Pool; *provided*, that no holder of an Allowed Trade Claim shall be entitled to distributions exceeding the amount of its Allowed Trade Claim; *provided, further*, that any Trade Claim which is Allowed in an amount greater than $500,000 shall be deemed to be a Class 7 General Unsecured Claim.

(c) *Voting*: Class 9 is Impaired under the Plan. Holders of Claims in Class 9 are entitled to vote to accept or reject the Plan.

10. Class 10 – Intercompany Claims.

(a) *Classification*: Class 10 consists of Intercompany Claims.

(b) *Treatment*: Each Allowed Intercompany Claim shall be, at the option of the holder of the relevant Intercompany Claim, with the reasonable consent of the Required Consenting Senior Noteholders and the Requisite Commitment Parties, either: (i) Reinstated; (ii) compromised, extinguished, or settled; or (iii) cancelled and shall receive no distribution on account of such Claims; *provided*, *however*, that any Intercompany Claim relating to any postpetition payments from any Debtor to another Debtor under any postpetition Intercompany Transfer (as defined in the Cash Management Order) shall be paid in full as a General Administrative Claim pursuant to Article II.A of the Plan.

(c) *Voting*: Class 10 is either Unimpaired, and such Holders of Intercompany Claims are conclusively presumed to have accepted the Plan under section 1126(f) of the Bankruptcy Code, or Impaired, and such Holders of Allowed Class 10 Claims are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Holders of Allowed Intercompany Claims are not entitled to vote to accept or reject the Plan.

11. Class 11 – Intercompany Interests.

(a) *Classification*: Class 11 consists of all Intercompany Interests.

(b) *Treatment*: Intercompany Interests shall be Reinstated as of the Effective Date.

(c) *Voting*: Class 11 is Unimpaired under the Plan. Holders of Intercompany Interests are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

12. Class 12 – VNR Preferred Units.

(a) *Classification*: Class 12 consists of the VNR Preferred Units.

(b) *Treatment*: On the Effective Date, except to the extent that a Holder of VNR Preferred Units agrees to less favorable treatment of its VNR Preferred Units, and subject to the terms of the Restructuring Transactions, all VNR Preferred Units shall be cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and in full and final satisfaction, settlement, release, and discharge of and in exchange for each VNR Preferred Unit, each Holder of VNR Preferred Units shall receive: (i) if Class 6, Class 7, Class 8, Class 9 and Class 12 are each determined to have voted to accept the Plan in accordance with the Bankruptcy Code, such Holder's Pro Rata share of (A) the VNR Preferred Unit Equity Distribution and (B) VNR Preferred Unit New Warrants; or (ii) if Class 6, Class 7, Class 8, Class 9, or Class 12 is determined to have voted to reject the Plan in accordance with the Bankruptcy Code, no distribution; *provided* that each Holder of VNR Preferred Units shall be given the opportunity to elect to waive its recovery, in which case the VNR Preferred Unit Equity Distribution and VNR Preferred Unit New Warrants that such Holder would have been entitled to receive shall be cancelled and of no further effect.

(c) *Voting*: Class 12 is Impaired under the Plan. Holders of VNR Preferred Units are entitled to vote to accept or reject the Plan.

13. Class 13 – VNR Common Units.

(a) *Classification*: Class 13 consists of the VNR Common Units.

(b) *Treatment*: On the Effective Date, except to the extent that a Holder of VNR Common Units agrees to less favorable treatment of its VNR Common Units, and subject to the terms of the Restructuring Transactions, all VNR Common Units shall be cancelled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and in full and final satisfaction, settlement, release, and discharge of and in exchange for each VNR Common Unit, each Holder of VNR Common Units shall receive: (i) if Class 6, Class 7, Class 8, Class 9, Class 12, and Class 13 are each determined to have voted to accept the Plan in accordance with the Bankruptcy Code, such Holder's Pro Rata share of the VNR Common Unit New Warrants; or (ii) if Class 6, Class 7, Class 8, Class 9, Class 12, or Class 13 is determined to have voted to reject the Plan in accordance with the Bankruptcy Code, no distribution; *provided* that each Holder of VNR Common Units shall be given the opportunity to elect to waive its recovery, in which case the VNR Common Unit New Warrants that such Holder would have been entitled to receive shall be cancelled and of no further effect.

(c) *Voting*: Class 13 is Impaired under the Plan. Holders of VNR Common Units are entitled to vote to accept or reject the Plan.

14. Class 14 – Other Existing Equity Interests.

(a) *Classification*: Class 14 consists of all Other Existing Equity Interests.

(b) *Treatment*: On the Effective Date, each Other Existing Equity Interest shall be cancelled and of no further force and effect, and the holders thereof shall not receive or retain any distribution on account of their Other Existing Equity Interests.

(c) *Voting*: Class 14 is Impaired under the Plan. Each holder of an Other Existing Equity Interest will be conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, holders of Other Existing Equity Interests are not entitled to vote to accept or reject the Plan.

C. Special Provision Governing Unimpaired Claims.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

D. Elimination of Vacant Classes.

Any Class of Claims or Equity Interests that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Equity Interest that is Allowed in an amount greater than zero for voting purposes pursuant to the Disclosure Statement Order shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

E. Confirmation 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 one or more of the Classes entitled to vote pursuant to Article III.B of the Plan. The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Equity Interests. The Debtors reserve the right to modify the Plan in accordance with Article X hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, including, without limitation, by modifying the treatment applicable to a Class of Claims to render such Class of Claims Unimpaired to the extent permitted by the Bankruptcy Code and the Bankruptcy Rules or to withdraw the Plan as to such Debtor.

F. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Holders of Claims or Equity Interests eligible to vote and no Holders of Claims or Equity Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims or Equity Interests in such Class.

G. Presumed Acceptance and Rejection of the Plan

To the extent that Claims or Equity Interests of any class are not entitled to receive or retain any property under the Plan on account of such Claims or Equity Interests, each Holder of a Claim or Equity Interest in such class is deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan. To the extent that Claims or Equity Interests of any Class are Reinstated, each Holder of a Claim or Equity Interest in such Class is presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and is not entitled to vote to accept or reject the Plan.

H. Intercompany Interests

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests are not being received by Holders of such Intercompany Interests on account of their Intercompany Interests, but rather for the purposes of administrative convenience, for the ultimate benefit of the Holders of New Common Stock, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the Holders of Allowed Claims.

I. Controversy Concerning Impairment.

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

J. Subordinated Claims and Equity Interests.

The allowance, classification, and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors or Reorganized Debtors reserve the right to re-classify any Allowed Claim in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims and Equity Interests

The Plan shall be deemed a motion to approve the good faith compromise and settlement pursuant to which the Debtors, the Holders of Claims against and/or Equity Interests in the Debtors, the Holders of Senior Note Claims, and the Holders of Second Lien Note Claims settle all Claims, Equity Interests, and Causes of Action pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity

Interests and controversies resolved pursuant to the Plan (including, without limitation, any argument that the Allowed Second Lien Claims should be increased by a "make-whole" or similar amount or premium). The Confirmation Order shall constitute the Court's approval of the compromise, settlement, and release of all such Claims, Equity Interests, and Causes of Action, as well as a finding by the Bankruptcy Court that all such compromises, settlements, and releases are in the best interests of the Debtors, their Estates, and the Holders of Claims, Equity Interests, and Causes of Action, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle all Claims and Causes of Action against, and Equity Interests in, the Debtors and their Estates. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan. Subject to Article VI of the Plan, all distributions made to Holders of Allowed Claims or Equity Interests in any Class are intended to be and shall be final.

B. Restructuring Transactions.

On the Effective Date, the Debtors or the Reorganized Debtors, as applicable, will effectuate the Restructuring Transactions, and will take any actions as may be necessary or advisable to effect a corporate restructuring of their respective businesses or a corporate restructuring of the overall corporate structure of the Debtors, to the extent provided herein. The actions to implement the Restructuring Transactions may include, consistent with the consent rights in the Restructuring Support Agreement: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law and any other terms to which the applicable Entities may agree, including the formation of the entity or entities that will comprise the Reorganized Debtors; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, formation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, dissolution, or other organizational documents pursuant to applicable state law; (d) the execution and delivery of the New Organizational Documents; (e) the execution and delivery of the Exit Facility Documents (including all actions to be taken, undertakings to be made, and obligations to be incurred and fees, expenses, and the Lender Paydown to be paid by the Debtors and the Reorganized Debtors, as applicable), subject to any post-closing execution and delivery periods provided for in the Exit Facility Documents; (f) the execution and delivery of the New Second Lien Notes Documents (including all actions to be taken, undertakings to be made, and obligations to be incurred and fees to be paid by the Debtors, the Reorganized Debtors, as applicable, in connection therewith), subject to any post-closing execution and delivery periods provided for in the New Second Lien Notes Documents; (g) the execution and delivery of the Registration Rights Agreement; (h) the issuance of the New Common Stock in accordance with the Plan; (i) pursuant to the Rights Offering Procedures and the Backstop Agreement, the implementation of the Rights Offering and the issuance of the New Common Stock in connection therewith; (j) the issuance of the New Warrants in accordance with the Plan; (k) the funding of the Trade Claims Distribution Pool; (l)

the funding of the GUC Cash Pool; (n) pursuant to the GUC Rights Offering Procedures, the implementation of the GUC Rights Offering and the issuance of the New Common Stock in connection therewith; and (m) after cancellation of the Equity Interests in VNR, all other actions that the applicable Entities determine to be necessary or advisable, including making filings or recordings that may be required by law in connection with the Plan.

Solely upon the prior written consent of the Debtors, the Required Consenting Senior Noteholders, and the Required Consenting RBL Lenders, (x) the Confirmation Order may provide that the automatic stay imposed by section 362 of the Bankruptcy Code shall be deemed lifted to permit the Administrative Agent (on behalf of the Lenders) to foreclose upon the Debtors' oil and gas assets in Glasscock County, Texas that were not included in the Glasscock Sale (including, without limitation, the "Earned Leasehold Interests" as defined in the Amended Complaint filed by Encana Oil & Gas (USA) Inc. in adversary proceeding case no. 17-03058 [Docket No. 16]), in which case such assets shall be contributed in their entirety to the Reorganized Debtors in partial consideration of the distributions provided to the Lenders pursuant to Article III.B.4(c) of this Plan and (y) the Confirmation Order may provide that the automatic stay imposed by section 362 of the Bankruptcy Code shall be deemed lifted to permit the Administrative Agent (on behalf of the Lenders) to, prior to the Effective Date, exercise its rights under the Credit Agreement (including the applicable deposit account control agreement) and section 9-607 of the Uniform Commercial Code with respect to the account into which the Glasscock Sale Proceeds were deposited and apply the Glasscock Sale Proceeds to the Lender Claims, in which case such application (to the extent the amount so applied is not less than $75,000,000) shall be deemed to be a Pro Rata distribution of the Glasscock Sale Proceeds in a cash amount of not less than $75,000,000 to the Lenders pursuant to Article III.B.4 of this Plan.

The Confirmation Order shall and shall be deemed to, pursuant to sections 1123 and 363 of the Bankruptcy Code and Bankruptcy Rule 9019, authorize, among other things, all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including the Restructuring Transactions.

C. Sources of Consideration for Plan Distributions.

The Reorganized Debtors shall fund distributions under the Plan, subject to the terms hereof, as applicable, with: (a) the Exit Facility; (b) the Cash proceeds from the Term Loan Purchase; (c) any encumbered and unencumbered Cash on hand, including Cash from operations or asset dispositions, of the Debtors; (d) the Glasscock Sale Proceeds; (e) the Cash proceeds from the sale of the New Common Stock pursuant to the Rights Offering and the GUC Rights Offering; (f) the Cash proceeds from the Second Lien Investment; (g) the Second Lien Notes; (h) the New Common Stock; and (i) the New Warrants. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance, expressly including the consent rights set forth herein, and by the terms and conditions of the instruments or other documents evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. The issuance, distribution, or authorization, as applicable, of certain securities in connection with the Plan, including the New Common Stock, the Rights, the GUC Rights, and the New Warrants will be exempt from SEC registration to the fullest extent permitted by law, as described more fully in Article VI.F below.

1. Exit Facility.

On the Effective Date, the Reorganized Debtors shall enter into the Exit Facility. Each Holder of an Allowed Lender Claim that participates in the Exit Facility shall receive its Option 1 Pro Rata share of the (a) Exit Revolving Loans and the Revolving Commitments, (b) Exit Term A Loans (in the case of (a) and (b) by participating as a Lender under the Exit Facility), and (c) Lender Paydown, pursuant to Article III.B.4. The Exit Facility shall be on terms set forth in the Exit Facility Documents and consistent with the terms set forth in the Exit Facility Term Sheet. In addition, to the extent a Lender elects to participate in the Exit Term B Facility, such Lender shall receive its Option 2 Pro Rata Share of the Exit Term B Loans. The Exit Term B Facility shall be on terms set forth in the Exit Term B Documents.

Confirmation shall be deemed approval of the Exit Facility and Exit Term B Facility (including, respectively, the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors in connection therewith), to the extent not previously approved by the Bankruptcy Court, and the Reorganized Debtors shall be authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Facility and Exit Term B Facility, including any and all documents and Exit Facility Documents required to enter into the Exit Facility pursuant to the terms thereof and Exit Term B Facility and all collateral documents related thereto, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate entry into the Exit Facility and Exit Term B Facility.

2. New Second Lien Notes.

On the Effective Date, the Reorganized Debtors shall issue the New Second Lien Notes, in accordance with the terms and conditions of the New Second Lien Notes Documents. The documentation for the New Second Lien Notes shall be included in the Plan Supplement.

Confirmation shall be deemed approval of the New Second Lien Notes (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors in connection therewith), to the extent not previously approved by the Bankruptcy Court, and the Reorganized Debtors shall be authorized to execute and deliver those documents necessary or appropriate to obtain the New Second Lien Notes, including any and all documents required to enter into the New Second Lien Notes and all collateral documents related thereto, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate entry into the New Second Lien Notes.

3. Second Lien Investment.

On the Effective Date, the Consenting Second Lien Noteholders will purchase the Second Lien Investment Equity from Reorganized VNR Finance, in accordance with the terms and

conditions of the Second Lien Investment Agreement. The Second Lien Investment will be fully backstopped by certain Backstop Parties in accordance with and subject to the terms and conditions of the Backstop Agreement.

Confirmation shall be deemed approval of the Second Lien Investment (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors in connection therewith), to the extent not previously approved by the Bankruptcy Court, and the Reorganized Debtors shall be authorized to execute and deliver those documents necessary or appropriate to obtain the Second Lien Investment, including any and all documents required to enter into the Second Lien Investment, without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate entry into the Second Lien Investment.

4. Rights Offering for New Common Stock.

On the Effective Date, the Reorganized Debtors shall consummate the Rights Offering, which consists of the 1145 Rights Offering, the Accredited Investor Rights Offering, and the 4(a)(2) Backstop Commitment, pursuant to the terms of the Backstop Agreement and in accordance with the Rights Offering Procedures. The Rights Offering Participants shall have the right to purchase their allocated shares of New Common Stock at the per share purchase price set forth in the Backstop Agreement and the applicable Rights Offering Procedures. The Rights Offering will be backstopped by the Backstop Parties in accordance with and subject to the terms and conditions of the Backstop Agreement.

Upon exercise of the Rights by the Rights Offering Participants pursuant to the terms of the Backstop Agreement and the applicable Rights Offering Procedures, Reorganized VNR Finance shall be authorized to issue the New Common Stock issuable pursuant to such exercise in accordance with Article IV.C.5.

5. GUC Rights Offering.

The Reorganized Debtors shall consummate the GUC Rights Offering in accordance with the GUC Rights Offering Procedures. The GUC Rights Offering Participants shall have the right to purchase their allocated shares of New Common Stock at the per share purchase price set forth in the GUC Rights Offering Procedures. GUC Rights Offering Equity shall only be issued to Holders of Allowed Claims. Holders of Allowed General Unsecured Claims, Disputed General Unsecured Claims, Allowed Encana Claims, or Disputed Encana Claims (in each case that are otherwise eligible to participate in the GUC Rights Offering) that wish to participate in the GUC Rights Offering must subscribe and deposit their purchase price prior to the subscription deadline set forth in the GUC Rights Offering Procedures (which shall be prior to the Effective Date). No GUC Rights Offering Equity (or New Common Stock from the GUC Equity Pool) shall be issued until such time as all Disputed General Unsecured Claims or Disputed Encana Claims, as applicable, have been resolved. If the Holder of a Disputed Claim subscribed for a greater number of GUC Rights Offering Shares than their Allowed Claim would entitle them to subscribe for, their subscription shall be deemed reduced and any excess deposit returned to

them in accordance with the GUC Rights Offering Procedures. The GUC Rights Offering will not be backstopped, and the GUC Rights Offering Equity shall be in addition to the Rights Offering Equity.

Upon exercise of the GUC Rights by the GUC Rights Offering Participants pursuant to the terms of the GUC Rights Offering Procedures, Reorganized VNR Finance shall be authorized to issue the New Common Stock issuable pursuant to such exercise in accordance in accordance with Article IV.C.6.

6. New Common Stock.

Reorganized VNR Finance shall be authorized to issue the New Common Stock to certain Holders of Claims or Equity Interests pursuant to Article III.B. Reorganized VNR Finance shall issue all securities, instruments, certificates, and other documents required to be issued by it with respect to all such shares of New Common Stock. All such New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable.

Except as provided below, the New Common Stock distributed under the Plan will be issued in book-entry form through the direct registry system of the transfer agent and DTC. The ownership interest of each holder of such New Common Stock, and transfers of ownership interests therein, will be recorded on the records of the transfer agent and the direct and indirect participants in DTC. To receive Distributions of New Common Stock through DTC, Holders of Senior Notes Claims, Holders of General Unsecured Claims, Encana, Holders of Second Lien Note Claims, and Holders of VNR Preferred Units will be required to designate a direct or indirect participant in DTC with whom such holder has an account into which such New Common Stock may be deposited. The New Common Stock issuable to holders of VNR Preferred Units will, with respect to VNR Preferred Units held through DTC, be delivered by the Disbursing Agent to the holders of VNR Preferred Units through DTC (via mandatory exchange, if applicable), and holders that do not hold their VNR Preferred Units in DTC may designate a direct or indirect participant in DTC with whom such holder has an account into which such New Common Stock may be deposited or have their shares issued in book-entry form on the register of the transfer agent.

7. New Warrants.

Reorganized VNR Finance shall be authorized to issue the New Warrants to certain Holders of Equity Interests pursuant to Article III.B. Each New Warrant will, subject to the antidilution adjustments described below and in the Warrant Agreement, be exercisable for one share of New Common Stock.

The Warrant Agreement shall contain provisions for the adjustment of the exercise price and shares of New Common Stock issuable upon exercise following stock splits, stock dividends, and similar combinations or subdivisions of the New Common Stock.

Except as provided below, all New Warrants distributed under the Plan will be issued in book-entry form through the direct registry system of the warrant agent and DTC. The warrant agent will be the transfer agent for the New Common Stock. The ownership interest of each

holder of such New Warrants, and transfers of ownership Case interests therein, will be recorded on the records of the warrant agent and the direct and indirect participants in DTC. Holders of VNR Preferred Units or VNR Common Units that hold such Equity Interests in DTC will receive their New Warrants by deposit to the account of a direct or indirect participant in DTC in which such VNR Preferred Units or VNR Common Units are held. Holders that do not hold their VNR Preferred Units or VNR Common Units in DTC may designate a direct or indirect participant in DTC with whom such holder has an account into which such New Warrants may be deposited or have their New Warrants issued in book-entry form on the register of the warrant agent for the New Warrants. Beneficial owners of the New Warrants will be required to follow the procedures that DTC or its direct or indirect participants, or the warrant agent for the New Warrants, as applicable, may establish for exercising their rights in respect of the New Warrants, including exercise and transfer thereof. New Common Stock issuable upon exercise of such New Warrants will be issued in book-entry form and held through DTC or the warrant agent for the New Warrants, as applicable.

D. Corporate Existence.

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate Entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state or federal law).

On the Effective Date, and pursuant to any mergers, amalgamations, consolidations, arrangements, agreements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Debtors reasonably determine are necessary to consummate the Plan (and as will be further described in the Restructuring Transactions Chart), it is contemplated that:

1. Reorganized VNR Finance will issue New Common Stock to the Rights Offering Participants, the GUC Rights Offering Participants, and the Second Lien Investors in exchange for Cash, and Reorganized VNR will surrender all of its interest in the stock of Reorganized VNR Finance for no consideration;

2. VNR will convey all of its assets, including its Equity Interests in all of its subsidiaries, to Reorganized VNR Finance, and in exchange therefor Reorganized VNR Finance will assume certain secured indebtedness of Reorganized VNR (and subsidiaries) and will issue to Reorganized VNR shares of New Common Stock, the New Warrants, and Cash from the Rights Offering; and

3. All of the distributions contemplated under the Plan will be made by Reorganized VNR Finance and Reorganized VNR as the Disbursing Agent, or such other Person as may be designated by the Reorganized Debtors as Disbursing Agent. No Disbursing Agent will be required to give any bond, surety, or other security for the performance of its duties.

E. Vesting of Assets in the Reorganized Debtors.

Except as otherwise provided in the Plan, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each applicable Reorganized Debtor, free and clear of all Liens, Claims, charges or other encumbrances. Except as otherwise provided in the Plan, on and after the Effective Date, each of the Reorganized Debtors may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Equity Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. For the avoidance of doubt, on the Effective Date, all rights and obligations of the Debtors with respect to the Backstop Agreement shall vest in the applicable Reorganized Debtors, and the Reorganized Debtors will be deemed to assume all such obligations.

F. Cancellation of Existing Securities and Agreements.

Except as otherwise provided in the Plan, on and after the Effective Date, all notes, instruments, certificates, agreements, indentures, mortgages, security documents, and other documents evidencing Claims or Equity Interests, including Other Secured Claims, Lender Claims, Second Lien Notes Claims, Senior Notes Claims, and Equity Interests in VNR, shall be deemed canceled, surrendered, and discharged without any need for further action or approval of the Bankruptcy Court or any Holder or other Person and the obligations of the Debtors or the Reorganized Debtors, as applicable, thereunder or in any way related thereto shall be deemed satisfied in full and discharged, and the Indenture Trustees and the Administrative Agent shall be released from all duties thereunder; *provided*, *however*, that notwithstanding Confirmation or Consummation, any such indenture or agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of: (a) allowing Holders to receive distributions under the Plan; (b) allowing the Indenture Trustees and the Administrative Agent to enforce their rights, claims, and interests vis-à-vis any parties other than the Debtors; (c) allowing the Indenture Trustees and the Administrative Agent to make the distributions in accordance with the Plan (if any), as applicable; (d) preserving any rights of the Administrative Agent or the Indenture Trustees to payment of fees, expenses, and indemnification obligations as against any money or property distributable to the Holders under the relevant indenture, the Intercreditor Agreement, or the Credit Agreement, including any rights to priority of payment and/or to exercise the Indenture Trustee Charging Liens; (e) allowing the Indenture Trustees and the Administrative Agent to enforce any obligations owed to each of them under the Plan; (f) allowing the Indenture Trustees and the Administrative Agent to exercise rights and obligations relating to the interests of the Holders under the relevant indentures and credit agreements; (g) allowing the Indenture Trustees and the Administrative Agent to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court; and (h) permitting the Indenture Trustees and the Administrative Agent to perform any functions that are necessary to effectuate the foregoing; *provided*, *further, however*, that except as provided below, the preceding proviso

shall not affect the discharge of Claims or Equity Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan, or result in any expense or liability to the Debtors or Reorganized Debtors, as applicable. Except for the foregoing, the Indenture Trustees and their respective agents shall be relieved of all further duties and responsibilities related to the Notes Indentures and the Plan, except with respect to such other rights of such Indenture Trustees that, pursuant to the applicable Notes Indentures, survive the termination of such indentures. Subsequent to the performance by each Indenture Trustee of its obligations pursuant to the Plan, each Indenture Trustee and its agents shall be relieved of all further duties and responsibilities related to the applicable indenture.

The issuance of the New Second Lien Notes, New Common Stock, and New Warrants,[2] shall be authorized without the need for any further corporate action or without any further action by a Holder of a Claim or Equity Interest. The Disbursing Agent will be the transfer agent, registrar, and redemption agent for the New Common Stock and the New Warrants.

G. Corporate Action.

On the Effective Date, all actions contemplated under the Plan with respect to the applicable Debtor or Reorganized Debtor shall be deemed authorized and approved in all respects, including: (a) implementation of the Restructuring Transactions; (b) selection of, and the election or appointment (as applicable) of, the directors and officers for the Reorganized Debtors; (c) execution and delivery of the Exit Facility Documents; (d) execution and delivery of the New Second Lien Notes Documents; (e) approval and adoption of (and, as applicable, the execution, delivery, and filing of) the New Organizational Documents; (f) the issuance and distribution of the New Common Stock in accordance with Plan; (g) the issuance and distribution of the New Warrants in accordance with the Plan; (h) the issuance and distribution of the Rights and the GUC Rights and the subsequent issuance and distribution of the New Common Stock issuable upon the exercise of the Rights and the GUC Rights; (i) payment, in Cash, of all amounts owed to Holders of Allowed Lender Claims pursuant to Article III of the Plan; (j) the execution and delivery of the Registration Rights Agreement; (k) the establishment and funding of the Trade Claims Distribution Pool and the GUC Cash Pool; and (l) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for herein involving the corporate structure of the Debtors or the Reorganized Debtors, as applicable, and any corporate action, authorization, or approval that would otherwise be required by the Debtors or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred or to have been obtained and shall be in effect as of the Effective Date, without any requirement of further action, authorization, or approval by the Bankruptcy Court, security holders, directors, managers, or officers of the Debtors or the Reorganized Debtors or any other Person.

On or before the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors shall be authorized and, as applicable, directed to issue, execute, and deliver the agreements, documents, securities, and instruments, and take such actions, contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the Exit

[2] The New Management Incentive Plan will be subject to further corporate action by the New Board.

Facility Documents, the New Second Lien Notes Documents, the Second Lien Investment, the New Organizational Documents, the Rights Offering, the GUC Rights Offering, the Registration Rights Agreement, the Trade Claims Distribution Pool, and the New Common Stock, as applicable, and any and all other agreements, documents, securities, and instruments relating to the foregoing, and all such documents shall be deemed ratified. The authorizations and approvals contemplated by this Article IV.G shall be effective notwithstanding any requirements under non-bankruptcy law.

H. New Organizational Documents.

On the Effective Date, each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state of incorporation or formation in accordance with the applicable laws of the respective state of incorporation or formation, to the extent required for such New Organizational Documents to become effective. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents will prohibit the issuance of non-voting equity securities. After the Effective Date, the Reorganized Debtors may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective state of incorporation and its respective New Organizational Documents and other constituent documents of the Reorganized Debtors.

I. Directors and Officers of the Reorganized Debtors.

As of the Effective Date, the terms of the current members of the board of directors or managers, as applicable, of each Debtor shall expire and the initial New Board shall consist of seven directors and will include: (a) two directors of current management selected by management of Debtors prior to the Effective Date and (b) five directors to be selected by the Senior Commitment Parties in accordance with the RSA. Notwithstanding anything contained herein to the contrary, the New Board shall be disclosed at or before the Confirmation Hearing.

After the Effective Date, the officers of each of the Reorganized Debtors shall be appointed in accordance with the respective New Organizational Documents. Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identity and affiliations of any Person proposed to serve on the initial board of directors or be an officer of each of the Reorganized Debtors. To the extent any such director or officer of the Reorganized Debtors is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director or officer. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents.

J. Section 1146 Exemption.

Pursuant to, and to the fullest extent permitted by, section 1146 of the Bankruptcy Code, any transfers of property pursuant to, in contemplation of, or in connection with, the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer, mortgage recording tax, or other similar tax, and upon entry of the Confirmation Order, the appropriate state or local governmental officials

or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents pursuant to such transfers or property without the payment of any such tax, recordation fee, or governmental assessment.

K. Director, Officer, Manager, and Employee Liability Insurance

On or before the Effective Date, the Debtors shall purchase and maintain directors' and officers' liability insurance policy coverage for the six-year period following the Effective Date for the benefit of the Debtors' current and former directors, managers, officers and employees on terms no less favorable to such Persons than the Debtors' existing coverage under the D&O Liability Insurance Policies with available aggregate limits of liability upon the Effective Date of no less than the aggregate limit of liability under the existing D&O Liability Insurance Policies, which shall be reasonably acceptable to the Required Consenting Senior Noteholders and the Requisite Commitment Parties.

L. New Management Incentive Plan.

The Confirmation Order shall authorize the New Board to adopt the New Management Incentive Plan on the terms set forth herein.

M. Employee Obligations.

Unless otherwise provided herein and except as set forth in Article V, all employee wages, compensation, and benefit programs set forth on Exhibit A to the Plan Supplement (the "*Workforce Obligations List*") (other than any employment, change of control, or severance type of agreement or plan) in place as of the Effective Date with the Debtors shall be assumed by the Reorganized Debtors and shall remain in place as of the Effective Date, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

N. Effectuating Documents; Further Transactions.

On and after the Effective Date, the Reorganized Debtors, and their respective officers and the New Board, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities authorized and/or issued, as applicable, pursuant to the Plan, including the New Common Stock, the Rights, and the GUC Rights, in the name of and on behalf of Reorganized VNR Finance, as applicable, without the need for any approvals, authorization, or consents.

O. Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain (or shall receive from the Debtors) and may

enforce all rights to commence and pursue any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date, other than: the Causes of Action released by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII, which shall be deemed released and waived by the Debtors and the Reorganized Debtors as of the Effective Date; *provided*, *further*, that in no event shall any Cause of Action against the Lenders be preserved to the extent provided in the release, exculpation, injunction provisions set forth in Article VIII of the Plan. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors and the Reorganized Debtors expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in, or according to the terms of, the Plan, including pursuant to Article VIII of the Plan, or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of Confirmation or Consummation.

The Reorganized Debtors reserve (or receive) and shall retain the Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

P. Preservation of Royalty and Working Interests.

Notwithstanding any other provision in the Plan, on and after the Effective Date, all Royalty and Working Interests shall be preserved and remain in full force and effect in accordance with the terms of the granting instruments or other governing documents applicable to such Royalty and Working Interests, and no Royalty and Working Interests shall be compromised or discharged by the Plan. For the avoidance of doubt and notwithstanding anything to the contrary in the preceding sentence, any right to payment arising from a Royalty and Working Interest, if any, shall be treated as a General Unsecured Claim under this Plan and shall be subject to any discharge and/or release provided hereunder.

Q. Payment of Certain Fees.

Without any further notice to or action, order, or approval of the Bankruptcy Court, the Reorganized Debtors or Reorganized VNR Finance, as applicable, shall pay on the Effective

Date any reasonable and documented unpaid fees and expenses (whether incurred before or after the Effective Date) by all of the attorneys, accountants, and other professionals, advisors, and consultants payable under (a) the Exit Facility, (b) the Backstop Agreement, (c) the DIP Orders and (d) the RSA, including any applicable transaction, restructuring, or similar fees for which the Debtors have agreed to be obligated.

On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall pay in Cash all reasonable and documented unpaid Indenture Trustee Fees and Expenses that are required to be paid under the Indentures, without the need for the Indenture Trustees to file fee applications with the Bankruptcy Court without reduction to recoveries of the Holders of the Senior Notes and the Second Lien Notes, as applicable (provided that all payments to the Second Lien Notes Trustee shall be subject to the provisions of the DIP Orders). From and after the Effective Date, the Reorganized Debtors shall pay in Cash all reasonable and documented Indenture Trustee Fees and Expenses, including, without limitation, all Indenture Trustee Fees and Expenses incurred in connection with distributions made pursuant to the Plan or the cancellation and discharge of the Notes Indentures (provided that all payments to the Second Lien Notes Trustee shall be subject to the provisions of the DIP Orders). Nothing herein shall in any way affect or diminish the right of the Indenture Trustees to exercise their respective Indenture Trustee Charging Liens against distributions to Holders of Senior Notes and Second Lien Notes, as applicable, with respect to any unpaid Indenture Trustee Fees and Expenses, as applicable.

R. Term Loan Purchase

On the Effective Date, the applicable Consenting Senior Noteholders will consummate the Term Loan Purchase by purchasing, in the aggregate, $31,250,000 in principal amount of Exit Term A Loans on a pro rata basis from the Option 1 Lenders for an aggregate payment in Cash of $31,250,000 paid to the administrative agent for the Exit Term A Loans for the benefit of the Option 1 Lenders in accordance with their Option 1 Pro Rata Share. Without any further documentation or payment, the administrative agent for the Exit Term A Loans shall record the Term Loan Purchase in the register of the Lenders (as defined in the Exit Facility) with respect to such $31,250,000 in Exit Term A Loans.

Confirmation of the Plan shall be deemed approval of such Term Loan Purchase to the extent not previously approved by the Bankruptcy Court, and the Reorganized Debtors and the administrative agent for the Exit Term A Loans shall be authorized to execute and deliver those documents necessary or appropriate to effectuate such Term Loan Purchase without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or vote, consent, authorization, or approval of any Person, subject to such modifications as the Reorganized Debtors may deem to be necessary to consummate such Term Loan Purchase.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases of the Debtors, not previously assumed or rejected pursuant to an order of the Bankruptcy Court, will be deemed to be Assumed Executory Contracts or Unexpired Leases, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those Executory Contracts or Unexpired Leases that: (a) previously were assumed or rejected by the Debtors; (b) are identified on the Rejected Executory Contract and Unexpired Lease List; (c) are the subject of a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (d) are subject to a motion to reject an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such rejection is after the Effective Date; *provided*, *however*, that any Executory Contracts (including, without limitation, indemnification obligations) that could give rise to any tax related liability for the Reorganized Debtors (including any obligations to pay taxes to any other Person) shall be deemed rejected as of the Effective Date, unless specifically set forth on the Assumed Executory Contract and Unexpired Lease List; *provided*, *further*, *however*, that in the event the Debtors seek to assume any existing employment agreements or other severance arrangements with management or any existing management incentive programs, the Debtors shall expressly list such agreements, arrangements, or programs on the Assumed Executory Contract and Unexpired Lease List (in each case, with the consent of the Required Consenting Senior Note Holders and the Requisite Commitment Parties, and in good-faith consultation with the Required Consenting RBL Lenders and the Creditors' Committee), and to the extent such agreements, arrangements, or programs are not expressly listed, they shall be deemed rejected as of the Effective Date.

Entry of the Confirmation Order by the Bankruptcy Court shall constitute a court order approving the assumptions, assumptions and assignments, or rejections of the Executory Contracts or Unexpired Leases as set forth in the Plan, the Rejected Executory Contract and Unexpired Lease List, or the Assumed Executory Contract and Unexpired Lease List pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party before the Confirmation Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, shall have the right to alter, amend, modify, or supplement the Rejected Executory Contract and Unexpired Lease List and the Assumed Executory Contract and Unexpired Lease List at any time through and including 45 days after the Effective Date.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed within 30 days after the later of: (a) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection; and (b) the effective date of such rejection. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors or the Reorganized Debtors, the Estates, or their property without the need for any objection by the Reorganized Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims against the applicable Debtor and shall be treated in accordance with the Plan, unless a different security or priority is otherwise asserted in such Proof of Claim and Allowed in accordance with Article VII of the Plan.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

Any monetary defaults under each Assumed Executory Contract or Unexpired Lease shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, or as soon as reasonably practicable thereafter, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (a) the amount of any payments to cure such a default, (b) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

At least 14 days before the Confirmation Hearing, the Debtors will provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the Debtors at least 7 days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have consented to such assumption or proposed cure amount.

If the Bankruptcy Court determines that the Allowed Cure Claim with respect to any Executory Contract or Unexpired Lease is greater than the amount set forth in the applicable Cure Notice, the Debtors or Reorganized Debtors, as applicable, may add such Executory Contract or Unexpired Lease to the Schedule of Rejected Executory Contracts and Unexpired

Leases, in which case such Executory Contract or Unexpired Lease will be deemed rejected as the Effective Date.

Assumption of any Executory Contract or Unexpired Lease shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any Assumed Executory Contract or Unexpired Lease at any time before the effective date of assumption. **Any Proofs of Claim filed with respect to an Assumed Executory Contract or Unexpired Lease shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court.**

D. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed by the Executory Contract or Unexpired Lease counterparty or counterparties to the Debtors or the Reorganized Debtors, as applicable, under such Executory Contracts or Unexpired Leases.

E. Insurance Policies.

Unless specifically rejected by order of the Bankruptcy Court, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, shall, to the extent executory, be assumed under the Plan. Nothing contained in this Article V.E shall constitute or be deemed a waiver of any Cause of Action that the Debtors or the Reorganized Debtors, as applicable, may hold against any Person, including the insurer, under any of the Debtors' insurance policies.

F. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or is rejected or repudiated under the Plan.

Unless otherwise provided herein or in the applicable Executory Contract or Unexpired Lease (as may have been amended, modified, supplemented, or restated), modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

G. Reservation of Rights.

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Rejected Executory Contract and Unexpired Lease List, nor anything contained in the 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 of the Reorganized Debtors has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have 30 days following entry of a Final Order resolving such dispute to alter its treatment of such contract or lease.

H. Nonoccurrence of Effective Date.

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

I. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Assumed Executory Contracts or Unexpired Leases, will be performed by the applicable Debtor or the applicable Reorganized Debtor liable thereunder in the ordinary course of their business. Accordingly, any such contracts and leases (including any Assumed Executory Contracts or Unexpired Leases) that have not been rejected as of the date of the Confirmation Date shall survive and remain unaffected by entry of the Confirmation Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed.

Unless otherwise provided in the Plan, on the Effective Date (or if a Claim or Equity Interest is not an Allowed Claim or Allowed Equity Interest on the Effective Date, on the date that such Claim or Equity Interest becomes an Allowed Claim or Allowed Equity Interest, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim or Allowed Equity Interest shall receive the full amount of the distributions provided by the Plan for Allowed Claims and Allowed Equity Interest in the applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Equity Interests, distributions on account of any such Disputed Claims or Disputed Equity Interests shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. Disbursing Agent.

Except as otherwise provided herein, all distributions under the Plan shall be made by the Disbursing Agent or such other Entity designated by the Reorganized Debtors as a Disbursing Agent on or after the Effective Date.

C. Rights and Powers of Disbursing Agent.

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims made by the Disbursing Agent shall be paid in Cash by the Reorganized Debtors.

D. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

1. Record Date for Distribution.

On the Distribution Record Date, all transfer ledgers, transfer books, registers and any other records maintained by the designated transfer agents with respect to ownership of any Claims or Equity Interests will be closed and, for purposes of this Plan, there shall be no further changes in the record Holders of such Claims or Equity Interests. The Debtors or the Reorganized Debtors shall have no obligation to recognize the transfer of any Claims or Equity Interests occurring after the Distribution Record Date, and will be entitled for all purposes to recognize and deal only with the Holder of any Claim or Equity Interest as of the close of business on the Distribution Record Date, as reflected on such ledgers, books, registers, or records. For the avoidance of doubt, on the Distribution Record Date, the Claims Register shall be closed and the Disbursing Agent shall be entitled to recognize, with respect to Holders of Claims, only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date, *provided, however,* that the Distribution Record Date shall not apply to publicly held securities (including, without limitation, the Second Lien Notes Claims and Senior Notes Claims).

2. Delivery of Distributions in General.

Except as otherwise provided in the Plan, the Disbursing Agent shall make distributions to Holders of Allowed Claims and Allowed Equity Interests at the address for each such Holder as indicated on the Debtors' records as of the Distribution Record Date, *provided, however*, that,

the Distribution Record Date shall not apply to publicly held securities (including, without limitation, the Second Lien Notes Claims and Senior Notes Claims). Subject to the immediately preceding sentence, the manner of distributions under the Plan shall be determined at the discretion of the Reorganized Debtors, and the address for each Holder of an Allowed Claim or Allowed Equity Interest shall be deemed to be the address set forth in any Proof of Claim, as applicable, filed by that Holder.

3. Delivery of Distributions on Lender Claims.

Except as otherwise provided in the Plan, all distributions on account of Allowed Lender Claims shall be governed by the Credit Agreement and shall be deemed completed when received by the Administrative Agent, which shall be deemed the Holder of such Allowed Lender Claims for purposes of distributions to be made hereunder. The Administrative Agent shall hold or direct such distributions for the benefit of the Holders of Allowed Lender Claims for the benefit of the Holders of Allowed Lender Claims, as applicable. As soon as practicable following compliance with the requirements set forth in this Article VI, the Administrative Agent shall arrange to deliver or direct the delivery of such distributions to or on behalf of the Holders of Lender Claims.

4. Delivery of Distributions on Second Lien Notes Claims.

Except as otherwise provided in the Plan or reasonably requested by the Second Lien Notes Trustee, all distributions to Holders of Allowed Second Lien Notes Claims shall be deemed completed when made to the Second Lien Notes Trustee, which shall be deemed to be the Holder of all Allowed Second Lien Notes Claims for purposes of distributions to be made hereunder. The Second Lien Notes Trustee shall hold or direct such distributions for the benefit of the Holders of Allowed Second Lien Notes Claims. As soon as practicable in accordance with the requirements set forth in this Article VI, the Second Lien Notes Trustee shall arrange to deliver such distributions to or on behalf of such Holders.

If the Second Lien Notes Trustee is unable to make, or consents to the Reorganized Debtors making, such distributions, the Reorganized Debtors, with such Second Lien Notes Trustee's cooperation, shall make such distributions to the extent reasonably practicable to do so. As to any Holder of an Allowed Second Lien Notes Claims that is held in the name of, or by a nominee of DTC, the Debtors or the Reorganized Debtors, as applicable, shall seek the cooperation of DTC so that such distribution shall be made through the facilities of DTC on or as soon as practicable on or after the Effective Date.

5. Delivery of Distributions on Senior Notes Claims.

Except as otherwise provided in the Plan or reasonably requested by the Senior Notes Trustees, all distributions to Holders of Allowed Senior Notes Claims shall be deemed completed when made to the applicable Senior Notes Trustee. The Senior Notes Trustees shall hold or direct such distributions for the benefit of the Holders of Allowed Senior Notes Claims. As soon as practicable in accordance with the requirements set forth in this Article VI, the Senior Notes Trustees shall arrange to deliver such distributions to or on behalf of such Holders, subject to each Senior Notes Trustee's Indenture Trustee Charging Liens. If the Senior Notes Trustees are

unable to make, or consents to the Reorganized Debtors making, such distributions, the Reorganized Debtors, with the Senior Notes Trustees' cooperation, shall make such distributions to the extent practicable to do so (provided that until such distributions are made, each Senior Notes Trustee's Indenture Trustee Charging Liens shall attach to the property to be distributed in the same manner as if such distributions were made through the Senior Notes Trustees). The Senior Notes Trustees shall have no duties or responsibility relating to any form of distribution that is not DTC eligible and the Debtors or the Reorganized Debtors, as applicable, shall seek the cooperation of DTC so that any distribution on account of an Allowed Senior Notes Claim that is held in the name of, or by a nominee of, DTC, shall be made through the facilities of DTC on the Effective Date or as soon as practicable thereafter. The Reorganized Debtors shall reimburse the Senior Notes Trustees for any reasonable and documented fees and expenses (including the reasonable and documented fees and expenses of their counsel and agents) incurred after the Effective Date solely in connection with the implementation of the Plan, including but not limited to, making distributions pursuant to and in accordance with the Plan.

6. Delivery of Distributions to Holders of General Unsecured Claims.

The Debtors and Reorganized Debtors, as applicable, will, in their reasonable discretion determine the Disbursing Agent's method for a timely distribution of all Cash to Holders of Allowed General Unsecured Claims pursuant to the Plan.

7. Delivery of Distributions to Holders of Trade Claims.

The Debtors and Reorganized Debtors, as applicable, will, in their reasonable discretion determine the Disbursing Agent's method for a timely distribution of all Cash to Holders of Allowed Trade Claims pursuant to the Plan.

8. Delivery of New Common Stock and New Warrants.

On the Effective Date, the Disbursing Agent shall distribute (a) the Second Lien Investment Equity to the Second Lien Investors, (b) the Senior Notes Distribution to Holders of Allowed Senior Notes Claims, (c) subject to Article III.B.7, New Common Stock from the GUC Equity Pool to Holders of Allowed General Unsecured Claims electing such distribution in accordance therewith, (d) subject to Article III.B.8, the New Common Stock at the same rate as Holders of Allowed General Unsecured Claims; (e) subject to Article III.B.12, the VNR Preferred Unit Equity Distribution and VNR Preferred Unit New Warrants to Holders of VNR Preferred Units, (f) subject to Article III.B.13, the VNR Common Unit New Warrants to Holders of VNR Common Units, and (g) the Backstop Premium to the Backstop Parties. Notwithstanding anything set forth herein, in the Plan or the Confirmation Order, the Senior Notes Trustee shall not be required or otherwise obligated to distribute any New Common Stock or any other securities or distributions contemplated by the Plan that do not meet the eligibility requirements of the DTC.

9. No Fractional Distributions.

No fractional shares of New Common Stock or New Warrants shall be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any distribution pursuant to the Plan on account of an applicable Allowed Claim would otherwise result in the issuance of a

number of shares of New Common Stock or New Warrants that is not a whole number, the actual distribution of shares of New Common Stock or New Warrants shall be rounded as follows: (a) fractions of one-half (½) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (½) shall be rounded to the next lower whole number with no further payment therefor; *provided*, *however*, that fractional shares rounding determinations with respect to the Rights Offering shall be subject to the applicable Rights Offering Procedures and the Backstop Agreement. The total number of authorized shares of New Common Stock or New Warrants to be distributed to Holders of Allowed Claims or Equity Interests shall be adjusted as necessary to account for the foregoing rounding.

10. Minimum Distribution.

No Cash payment of less than $25.00 shall be made to a Holder of an Allowed Claim on account of such Allowed Claim.

11. Undeliverable Distributions and Unclaimed Property.

In the event that any Holder fails to present a check for payment or 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*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six (6) months from the later of (a) the Effective Date or (b) the date of such distribution. After such date, all unclaimed property or interests in property shall revert to the applicable Reorganized Debtor(s) automatically and without need for a further order by the Bankruptcy Court (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary), and any claim of any Holder to such property shall be fully discharged, released, and forever barred.

E. Manner of Payment.

Unless as otherwise set forth herein, all distributions of Cash, the New Common Stock, the New Warrants, the Rights, and the GUC Rights, as applicable, to the Holders of Allowed Claims under the Plan shall be made by the Disbursing Agent. At the option of the Disbursing Agent, any Cash payment to be made under the Plan may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

F. SEC Exemption.

Each of the New Common Stock, the New Warrants, the Rights, and the GUC Rights are or may be "securities," as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws.

All shares of the New Common Stock, the New Warrants, the Rights (and any shares issuable upon the exercise thereof), and the GUC Rights (and any shares issuable upon the exercise thereof) and shares issuable as part of the Backstop Premium, will be issued pursuant to the exemptions of registration in reliance upon in section 1145 of the Bankruptcy Code and section 4(a)(2) of the Securities Act. The New Common Stock issued in the GUC Rights

Offering, the Accredited Investor Rights Offering, and the 4(a)(2) Backstop Commitment, all unsubscribed shares of New Common Stock issued to the Backstop Parties pursuant to the Backstop Agreement (which, for the avoidance of doubt, shall exclude any shares issued on account of the Backstop Premium), and all New Common Stock issued to an entity that is an "underwriter" as defined in subsection (b) of section 1145 of the Bankruptcy Code will be issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder. All shares of New Common Stock issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement under the Securities Act or an available exemption therefrom.

Pursuant to section 1145 of the Bankruptcy Code, the issuance of (a) the New Common Stock to the Holders of VNR Preferred Units, (b) the New Warrants (and the New Common Stock issuable upon exercise thereof) to the Holders of VNR Preferred Units and VNR Common Units (c) the 1145 Rights (including shares of New Common Stock issuable upon the exercise thereof other than the unsubscribed shares of New Common Stock issued to the Backstop Parties pursuant to the Backstop Agreement), (d) shares of New Common Stock issuable as part of the Backstop Premium, and (e) the New Common Stock issued from the GUC Equity Pool and any New Common Stock issued to Encana on account of the Encana Claim (other than such New Common Stock issued in connection with the GUC Rights Offering), and (f) any other securities issued in reliance on section 1145 of the Bankruptcy Code, are exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable U.S. state or local law requiring registration before the offering, issuance, distribution, or sale of such securities. Each of the foregoing securities (a) is not a "restricted security" as defined in Rule 144(a)(3) under the Securities Act, and (b) is freely tradable and transferable by any initial recipient thereof that (i) at the time of transfer, is not an "affiliate" of the Reorganized VNR Finance as defined in Rule 144(a)(1) under the Securities Act and has not been such an "affiliate" within 90 days of such transfer, and (ii) is not an entity that is an "underwriter" as defined in subsection (b) of section 1145 of the Bankruptcy Code.

The New Common Stock issued in the GUC Rights Offering, the Accredited Investor Rights Offering, and the 4(a)(2) Backstop Commitment, the unsubscribed New Common Stock purchased by the Backstop Parties pursuant to the Backstop Agreement (which, for the avoidance of doubt, shall exclude any shares issued on account of the Backstop Premium) and all New Common Stock issued to an entity that is an "underwriter" as defined in subsection (b) of section 1145 of the Bankruptcy Code will be issued without registration under the Securities Act in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder. Only Holders that are "accredited investors" (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act) will be eligible to participate in the Accredited Investor Rights Offering and, to the extent applicable, the 4(a)(2) Backstop Commitment. To the extent issued in reliance on section 4(a)(2) of the Securities Act or Regulation D thereunder, each will be "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law. Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the New Common Stock through the facilities of DTC, the Reorganized Debtors need not provide any further evidence other than the

Plan or the Confirmation Order with respect to the treatment of the New Common Stock or under applicable securities laws.

DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether any of the New Common Stock issuable upon exercise of the Rights and the GUC Rights, as applicable, are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Notwithstanding anything to the contrary in the Plan, no entity (including, for the avoidance of doubt, DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the New Common Stock issuable upon exercise of the Rights and the GUC Rights, are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

G. Compliance with Tax Requirements.

In connection with the Plan, as applicable, the Debtors and the Reorganized Debtor(s) shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit with respect to distributions pursuant to the Plan. Notwithstanding any provision herein to the contrary, the Debtors, the Reorganized Debtors, and the Disbursing Agent shall be authorized to take all actions necessary 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, and establishing any other mechanisms they believe are reasonable and appropriate to comply with such requirements. The Debtors and the Reorganized Debtors reserve 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.

H. No Postpetition or Default Interest on Claims.

Unless otherwise specifically provided for in the Plan or the Confirmation Order, and notwithstanding any documents that govern the Debtors' prepetition funded indebtedness to the contrary, postpetition and/or default interest shall not accrue or be paid on any Claims and no Holder of a Claim shall be entitled to (a) interest accruing on or after the Petition Date on any such Claim or (b) interest at the contract default rate, as applicable.

I. Setoffs and Recoupment.

Unless otherwise provided for in the Plan or the Confirmation Order, the Debtors and Reorganized Debtors, as applicable, may, but shall not be required to, setoff against or recoup any payments or distributions to be made pursuant to the Plan in respect of any Claims or Equity Interests of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the claimant, but neither the failure to do so nor the allowance of any Claim or Equity Interest hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claim it may have against the Holder of such Claim or Equity Interest.

J. No Double Payment of Claims.

To the extent that a Claim is Allowed against more than one Debtor's Estate, there shall be only a single recovery on account of that Allowed Claim, but the Holder of an Allowed Claim against more than one Debtor may recover distributions from all co-obligor Debtors' Estates until the Holder has received payment in full on the Allowed Claims. No Holder of an Allowed Claim shall be entitled to receive more than payment in full of its Allowed Claim, and each Claim shall be administered and treated in the manner provided by the Plan only until payment in full on that Allowed Claim.

K. Claims Paid or Payable by Third Parties.

1. Claims Paid by Third Parties.

The Debtors or the Reorganized Debtors, 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. Subject to the last sentence of this paragraph, 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, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Reorganized Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day period specified above until the amount is repaid.

2. Claims Payable by Third Parties.

Except as otherwise provided in the Plan, (a) 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, and (b) to the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of 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.

3. 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 herein (a) constitute or be deemed a waiver by such insurers of any rights or defenses, including coverage defenses, held by such insurers, or (b) establish,

determine, or otherwise imply any liability or obligation, including any coverage obligation, of any insurer.

L. Allocation of Distributions Between Principal and Equity Interest.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest as Allowed herein.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Allowance of Claims.

Except as otherwise set forth in the Plan, after the Effective Date, each of the Reorganized Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim immediately before the Effective Date. Except as specifically provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such claim.

B. Claims Administration Responsibilities.

Except as otherwise specifically provided in the Plan, after the Effective Date, the applicable Reorganized Debtor(s) shall have the sole authority to: (a) file, withdraw, or litigate to judgment, objections to Claims; (b) settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Bankruptcy Court; provided that with respect to an Encana Claim, the Reorganized Debtors may only settle or compromise such Claim with the approval of the Bankruptcy Court; and (c) administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court; *provided* that the Debtors shall consult with the Required Consenting Senior Noteholders, the Creditors' Committee, and the Required Consenting RBL Lenders regarding their proposed claim reconciliation process and the Reorganized Debtors shall diligently and in good faith pursue such process.

The Reorganized Debtors shall file any and all claims objections with respect to General Unsecured Claims no later than 180 days after the Effective Date.

C. Estimation of Claims.

Before or after the Effective Date, the Debtors or the Reorganized Debtors, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or

whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision to the contrary in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the relevant Reorganized Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has filed a motion requesting the right to seek such reconsideration on or before seven (7) days after the date on which such Claim is estimated. Each of the foregoing Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

D. Claims Reserve.

On or before the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall be authorized, but not directed, in consultation with the Required Consenting Senior Noteholders, the Requisite Commitment Parties, and the Creditors' Committee to establish one or more Disputed Claims reserves, which Disputed Claims reserves shall be administered by the Reorganized Debtors, to the extent applicable.

The Debtors or the Reorganized Debtors, as applicable, may, in their reasonable discretion, hold Cash or New Common Stock (as applicable) in a Disputed Claims reserves in trust for the benefit of the Holders of the total estimated amount of Trade Claims and General Unsecured Claims ultimately determined to be Allowed after the Effective Date. The Reorganized Debtors shall distribute such amounts (net of any expenses, including any taxes relating thereto), as provided herein, as such Claims are resolved by a Final Order or agreed to by settlement, and such amounts will be distributable on account of such Claims as such amounts would have been distributable had such Claims been Allowed Claims as of the Effective Date under the Plan solely to the extent of the amounts available in the applicable Disputed Claims reserves, *provided* that Holders of Allowed General Unsecured Claims electing to participate in the GUC Cash Pool shall participate on a first come, first served basis until such GUC Cash Pool is exhausted.

E. Adjustment to Claims without Objection.

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Reorganized Debtors

without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

F. Time to File Objections to Claims or Equity Interests.

Any objections to Claims or Equity Interests shall be filed on or before the Claims Objection Deadline.

G. Disallowance of Claims.

Any Claims held by Entities from which the Bankruptcy Court has determined that property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer that the Bankruptcy Court has determined is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and the full amount of such obligation to the Debtors has been paid or turned over in full. All Proofs of Claim filed on account of an Indemnification Obligation shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such Indemnification Obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court. All Proofs of Claim filed on account of an employee benefit shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent the Reorganized Debtors elect to honor such employee benefit, without any further notice to or action, order, or approval of the Bankruptcy Court.

Except as provided herein or otherwise agreed, any and all Proofs of Claim filed after the 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 Bankruptcy 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 Claim has been deemed timely filed by a Final Order. Holders of Equity Interests shall not be required to file any Proof of Equity Interest on account of such Equity Interests.

H. Amendments to Proofs of Claim.

On or after the Effective Date, a Proof of Claim may not be filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and any such new or amended Proof of Claim filed shall be deemed disallowed in full and expunged without any further action, order, or approval of the Bankruptcy Court to the maximum extent provided by applicable law.

I. No Distributions Pending Allowance.

Except as otherwise set forth herein, if an objection to a Claim or portion thereof is filed as set forth in Article VII.A and Article VII.B of the Plan, no payment or distribution provided

under the Plan shall be made on account of such Disputed Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

J. 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 and pursuant to procedures set by the Reorganized Debtors. As soon as reasonably practicable after the date a Disputed Claim becomes Allowed, the Disbursing Agent shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan, as of the Effective Date, without any interest, dividends, or accruals to be paid on account of such Claim unless required under such order or judgment of the Bankruptcy Court.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Compromise and Settlement of Claims, Equity Interests, and Controversies.

Pursuant to section 1123 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 and settlement of all Claims, Equity Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Equity Interest may have with respect to any Allowed Claim or Equity Interest, or any distribution to be made on account of such Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity 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 or Equity Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against, and Equity Interests in, the Debtors and their Estates and Causes of Action against other Entities.

B. Discharge of Claims and Termination of Equity Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Reorganized Debtors), Equity Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Equity Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Equity Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Equity

Interests relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Equity Interest based upon such debt, right, or Equity Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Equity Interest has accepted the Plan. Any default or "event of default" by the Debtors or Affiliates with respect to any Claim or Equity Interest that existed immediately before or on account of the filing of the Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Equity Interests subject to the Effective Date occurring.

C. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or 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.

D. ***Release of Liens.***

Except as otherwise specifically 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 a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B.2 of the Plan, 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 Reorganized Debtors and their successors and assigns, in each case, without any further approval or order of the Bankruptcy Court and without any action or filing being required to be made by the Debtors; *provided*, that this Article VIII.D shall not apply to the Lender Claims to the extent specifically provided for in the Exit Facility or the Second Lien Notes Claims to the extent specifically provided for in the New Second Lien Notes Documents.

E. ***Releases by the Debtors.***

Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed expressly, unconditionally, generally, and individually and collectively, acquitted, released and discharged by the Debtors, the Reorganized Debtors, and their Estates from any and all claims and Causes of Action, whether known or unknown, including any derivative claims,

asserted on behalf of the Debtors, that the Debtors, the Reorganized Debtors, or their Estates 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 Equity Interest, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), Reorganized VNR (including the formation thereof), Reorganized VNR Finance (including the formation thereof), the Debtors' in- or out-of-court restructuring efforts, intercompany transactions (including dividends and management fees paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the formulation, preparation, dissemination, negotiation, or consummation of the RSA, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or any Restructuring Transaction, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or the Chapter 11 Cases, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, except as expressly provided under the Plan, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (b) any individual from any claim related to an act or omission that is determined in a Final Order by a court competent jurisdiction to have constituted actual fraud, gross negligence, or willful misconduct. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the release set forth in this Article VIII.E, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the release set forth in this Article VIII.E is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Debtor Release; (3) in the best interests of the Debtors and all holders of Claims or Equity Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Reorganized Debtors, or the Debtors' Estates asserting any claim or Cause of Action released pursuant to the release set forth in this Article VIII.E.

F. ***Releases by Holders of Claims or Equity Interests.***

As of the Effective Date, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Claims

and causes of action, including Claims and causes of action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), Reorganized VNR (including the formation thereof), Reorganized VNR Finance (including the formation thereof), the Debtors' in- or out-of-court restructuring efforts, intercompany transactions including dividends and management fees paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the formulation, preparation, dissemination, negotiation, or consummation of the RSA, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or any Restructuring Transaction, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement or the Chapter 11 Cases, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, except as expressly provided under the Plan, the releases set forth above do not release (a) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan and (b) any individual from any claim related to an act or omission that is determined in a Final Order by a court competent jurisdiction to have constituted actual fraud, gross negligence, or willful misconduct.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in this Article VIII.F, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court's finding that each release described in this Article VIII.F is: (1) consensual; (2) essential to the confirmation of the Plan; (3) given in exchange for the good and valuable consideration provided by the Released Parties; (4) a good faith settlement and compromise of such Claims; (5) in the best interests of the Debtors and their Estates; (6) fair, equitable, and reasonable; (7) given and made after due notice and opportunity for hearing; and (8) a bar to any of the Releasing Parties asserting any Claim or cause of action released pursuant to this Article VIII.F.

G. ***Exculpation.***

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is hereby released and exculpated from, any cause of action or any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or termination of the RSA, and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring Transaction, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the RSA, the Disclosure Statement, the Plan, the Plan Supplement, the Exit Facility, the New Second Lien Notes, the DIP Facility, the Rights Offering, the GUC Rights Offering, the Backstop Agreement, the Second Lien Investment Agreement, the Warrant Agreement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, 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 or in connection with the Plan and the Restructuring Transactions. The Exculpated Parties have, and upon completion of the Plan shall be found to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

H. ***Injunction.***

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Equity Interests that have been released pursuant to Article VIII.E or Article VIII.F of the Plan, shall be discharged pursuant to Article VIII.A of the Plan, or are subject to exculpation pursuant to Article VIII.G of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, or the Released Parties: (a) 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 Equity Interests; (b) 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 Equity Interests; (c) creating, perfecting, or enforcing any lien or encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (d) asserting any right of setoff, subrogation, or recoupment of

any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests unless such Entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Equity Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (e) 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 Equity Interests released or settled pursuant to the Plan.

I. SEC Rights Reserved.

Notwithstanding any provision herein to the contrary or an abstention from voting on the Plan, no provision of the Plan, or any order confirming the Plan: (a) releases any non-debtor person or entity from any claim or cause of action of the SEC; (b) enjoins, limits, impairs, or delays the SEC from commencing or continuing any claims, causes of action, proceedings, or investigations against any non-debtor person or entity in any forum; or (c) precludes the SEC from commencing or continuing any investigation or taking any action pursuant to its police or regulatory function against the Debtors or Reorganized Debtors to the extent permitted under sections 362(b)(4), 524, and 1141 of the Bankruptcy Code.

J. Protections Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

K. Regulatory Activities.

Notwithstanding anything to the contrary herein, nothing in the Plan or Confirmation Order is intended to affect the police or regulatory activities of Governmental Units or other governmental agencies.

L. Recoupment.

In no event shall any Holder of Claims or Equity Interests be entitled to recoup any Claim against any claim, right, or Cause of Action of the Debtors or the Reorganized 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, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

M. Subordination Rights.

Any distributions under the Plan to Holders shall be received and retained free from any obligations to hold or transfer the same to any other Holder and shall not be subject to levy, garnishment, attachment, or other legal process by any Holder by reason of claimed contractual subordination rights. Any such subordination rights shall be waived, and the Confirmation Order shall constitute an injunction enjoining any Entity from enforcing or attempting to enforce any contractual, legal, or equitable subordination rights to property distributed under the Plan, in each case other than as provided in the Plan.

N. Document Retention.

On and after the Effective Date, the Reorganized Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Reorganized Debtors.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation.

It shall be a condition to Confirmation with respect to the Debtors that the following shall have been satisfied (or waived pursuant to the provisions of Article IX.C of the Plan):

1. the Bankruptcy Court shall have entered the Disclosure Statement Order, the Backstop Agreement Order, and the Confirmation Order, and each such order shall have become a Final Order that has not been stayed or modified or vacated on appeal;

2. the Confirmation Order shall have become a Final Order that has not been stayed or modified or vacated on appeal and shall, among other things:

(a) authorize the Debtors and the Reorganized Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(b) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(c) authorize the Debtors, Reorganized Debtors, and Reorganized VNR Finance, as applicable/necessary, to: (a) implement the Restructuring Transactions; (b) authorize, issue, incur, and/or distribute the indebtedness and other obligations arising under, and in respect of, the Exit Facility, the Exit Term B Facility, the New Second Lien Notes, the New Warrants, the New Common Stock, the Rights and the GUC Rights (and any shares of New Common Stock issuable upon the exercise thereof and the unsubscribed shares of New Common Stock issued to the Backstop Parties

pursuant to the Backstop Agreement), and shares of New Common Stock issuable as part of the Backstop Premium, pursuant to, in the case of the 1145 Rights (and any shares of New Common Stock issuable upon the exercise thereof) and shares of New Common Stock issuable as part of the Backstop Premium, the exemption from registration provided by section 1145 of the Bankruptcy Code, and in the case of any other securities, pursuant to the exemption from registration provided by section 1145 of the Bankruptcy Code or another exemption from the registration requirements of the Securities Act or pursuant to one or more registration statements; (c) make all distributions and issuances as required under the Plan, including Cash, the New Common Stock, the Rights, the GUC Rights (and any shares of New Common Stock issuable upon the exercise thereof and the unsubscribed shares issued to the Backstop Parties pursuant to the Backstop Agreement), shares of New Common Stock issuable as part of the Backstop Premium, the New Warrants, the Exit Facility, the Exit Term B Facility, and the New Second Lien Notes; and (d) enter into and become obligated under any agreements, transactions, and sales of property as set forth in the Plan Supplement with respect to the Debtors or the Reorganized Debtors, as applicable, including the Exit Facility Documents and the New Second Lien Notes Documents;

(d) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order in furtherance of, or in connection with, any transfers of property pursuant to the Plan, including any deeds, mortgages, security interest filings, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp tax, real estate transfer tax, mortgage recording tax, or other similar tax to the extent permissible under section 1146 of the Bankruptcy Code, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment; and

(e) contain the release, injunction, and exculpation provisions contained in Article VIII herein; and

3. the RSA shall not have been terminated by the Debtors, the Required Consenting RBL Lenders, or the Required Consenting Senior Noteholders.

4. the Backstop Agreement shall not have been terminated by the Debtors or the Requisite Commitment Parties.

B. Conditions Precedent to the Effective Date.

It shall be a condition to the Effective Date that the following conditions shall have been satisfied (or waived pursuant to the provisions of Article IX.C of the Plan):

1. the Disclosure Statement Order shall have been duly entered and shall have become a Final Order that has not been stayed or modified or vacated on appeal;

2. the Confirmation Order shall have been duly entered and shall have become a Final Order that has not been stayed or modified or vacated on appeal;

3. the Plan and the applicable documents included in the Plan Supplement, including any exhibits, schedules, documents, amendments, modifications, or supplements thereto, and inclusive of any amendments, modifications, or supplements made after the Confirmation Date but before the Effective Date, shall have been filed;

4. the New Organizational Documents with respect to the Reorganized Debtors, the Backstop Agreement, the Second Lien Investment Agreement, the Registration Rights Agreement, if required by the Backstop Parties, the Exit Facility Documents, the Exit Term B Documents, and the New Second Lien Notes Documents shall be in full force and effect (with all conditions precedent thereto having been satisfied or waived) and subject to any post-closing execution and delivery requirements provided for in the Exit Facility Documents, Exit Term B Documents, or the New Second Lien Notes Documents;

5. the Debtors shall have obtained all authorizations, consents, regulatory approvals, rulings, or documents that are necessary to implement and effectuate the Plan;

6. all Allowed Professional Fee Claims approved by the Bankruptcy Court shall have been paid in full or amounts sufficient to pay such Allowed Professional Fee Claims after the Effective Date have been placed in the Professional Fee Escrow Account pending approval of the Professional Fee Claims by the Bankruptcy Court;

7. the RSA shall not have been terminated by the Debtors, the Required Consenting RBL Lenders, or the Required Consenting Senior Noteholders;

8. the Backstop Agreement shall not have been terminated by the Debtors or the Requisite Commitment Parties;

9. if the Required Consenting Senior Noteholders or the Requisite Commitment Parties have elected for such listing, the Debtors shall have filed applications seeking to qualify the New Common Stock for listing on the NASDAQ or NYSE, as elected by the Required Consenting Senior Noteholders or the Requisite Commitment Parties, as applicable;

10. the "Closing" under the Backstop Agreement shall have occurred or will be deemed under the Backstop Agreement to occur simultaneously upon the Effective Date;

11. the "Closing" under the Second Lien Investment Agreement shall have occurred or will be deemed under the Second Lien Investment Agreement to occur simultaneously upon the Effective Date;

12. the Debtors shall have implemented the Restructuring Transactions in a manner consistent in all material respects with the Plan;

13. the Lenders shall have received on or prior to the Effective Date, the Glasscock Sale Proceeds;

14. the Reorganized Debtors shall have executed and delivered the Exit Credit Agreement and all other Exit Facility Documents, and all conditions precedent to effectiveness of the Exit Facility shall have been satisfied or waived in accordance with the terms thereof; and

15. the Term Loan Purchase shall have occurred.

C. Waiver of Conditions.

The conditions to Confirmation and Consummation set forth in this Article IX may be waived by the Debtors, with the reasonable consent of the Required Consenting RBL Lenders, Required Consenting Senior Noteholders, and the Requisite Commitment Parties, and in consultation with the Creditors' Committee, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

D. Substantial Consummation

"Substantial Consummation" of the Plan, as defined in 11 U.S.C. § 1101(2), with respect to any of the Debtors, shall be deemed to occur on the Effective Date with respect to such Debtor.

E. Effect of Failure of Conditions.

If the Effective Date does not occur with respect to any of the Debtors, the Plan shall be null and void in all respects with respect to such Debtor, and nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any Cause of Action by or Claims against or Equity Interests in such Debtors; (b) prejudice in any manner the rights of such Debtors, any Holders of a Claim or Equity Interest, or any other Entity; (c) constitute an admission, acknowledgment, offer, or undertaking by such Debtors, any Holders, or any other Entity in any respect; or (d) be used by the Debtors or any Entity as evidence (or otherwise) in any litigation, including with regard to the strengths or weaknesses of any of the parties' positions, arguments, or claims.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments.

Subject to the limitations contained in the Plan, RSA, and Backstop Agreement, the Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the RSA, and the Backstop Agreement, and in consultation with the Creditors' Committee, the Debtors expressly reserve their rights to alter, amend, or modify materially the Plan, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. Effect of Confirmation on Modifications.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof (in each case, consistent with the Plan, RSA, and Backstop Agreement) are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of Plan.

The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date. If the Debtors revoke or withdraw the Plan, or if Confirmation and Consummation does not occur, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of Executory Contracts or Unexpired Leases effectuated by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims or Equity Interests; (ii) prejudice in any manner the rights of the Debtors or any other Entity, including the Holders of Claims; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising under, or arising in or relating to the Chapter 11 Cases or the Plan to the fullest extent legally permissible by 28 U.S.C. § 1334 to hear, and by 28 U.S.C. § 157 to determine, all proceedings in respect thereof, including jurisdiction to:

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

2. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. 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; (c) the Reorganized Debtors' amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, any Executory Contracts or Unexpired Leases to the Rejected Executory Contracts and Unexpired Lease List, or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, including Claims and Causes of Action under chapter 5 of the Bankruptcy Code, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

5. adjudicate, decide, or resolve any and all matters related to Claims and Causes of Action;

6. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

7. enter and implement such orders as may be necessary to execute, implement, or consummate the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement, including injunctions or other actions as may be necessary to restrain interference by an Entity with Consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

8. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. adjudicate, decide, or resolve any and all matters related to the Restructuring Transactions;

10. grant any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code;

11. hear and determine any cases, controversies, suits, disputes, issues, Claims, Causes of Action, or any other matters that may arise in connection with the Consummation, interpretation, or enforcement of the Plan, the Disclosure Statement, the Confirmation Order, the Restructuring Transactions, any transactions or payments contemplated hereby or thereby, any agreement, instrument, or other document governing or relating to any of the foregoing or any settlement approved by the Bankruptcy Court, or any Entity's obligations incurred in connection with the foregoing, including disputes arising under agreements, documents, or instruments executed in connection with the Plan, the Disclosure Statement, the Confirmation Order, or the Restructuring Transactions;

12. resolve any cases, controversies, suits, disputes, Claims, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary to implement or enforce such releases, injunctions, and other provisions pursuant to the Plan and the Confirmation Order;

13. resolve any cases, controversies, suits, disputes, Claims, or Causes of Action relating to the distribution or the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid pursuant to Article VI.K.1 of the Plan;

14. hear and determine all disputes involving the existence, scope, and nature of the discharges granted under the Plan, the Confirmation Order, or the Bankruptcy Code;

15. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by or assess damages against any Entity with the Consummation, implementation, or enforcement of the Plan, the Restructuring Transactions, the Confirmation Order, or any other order of the Bankruptcy Court;

16. enter and implement such orders as are necessary if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

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

18. enter an order or final decree concluding or closing the Chapter 11 Cases;

19. adjudicate any and all disputes arising from or relating to distributions under the Plan or any of the transactions contemplated therein;

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

21. determine requests for the payment of Claims and Equity Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

22. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 362(b)(26), 505, and 1146 of the Bankruptcy Code, including any

request by the Debtors prior to the Effective Date or a request by the Reorganized Debtors after the Effective Date for a determination of tax issues under section 362(b)(26) of the Bankruptcy Code or for an expedited determination of tax issues under section 505(b) of the Bankruptcy Code, including any tax liability arising from or relating to the Restructuring Transactions, for tax periods ending after the Petition Date and through the closing of the Chapter 11 Cases;

23. hear and determine all disputes involving the existence, nature, or scope of the release provisions set forth in the Plan, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

24. hear and determine all disputes involving the obligations or terms of the Exit Facility;

25. hear and determine all disputes involving the obligations or terms of the Second Lien Investment Agreement;

26. hear and determine all disputes involving the obligations or terms of the GUC Rights Offering, Rights Offering, and the Backstop Agreement;

27. hear and determine all disputes involving the existence, nature, or scope of the release provisions set forth in the Plan, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

28. hear and determine any rights or retained Claims or Causes of Action held by the Reorganized Debtors pursuant to the Bankruptcy Code or pursuant to any federal or state statute or legal theory;

29. determine such other matters and for such other purposes as may be provided in the Confirmation Order;

30. except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located, including orders under section 542 of the Bankruptcy Code for the turnover of such assets;

31. enforce all orders previously entered by the Bankruptcy Court; and

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

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect.

Subject to Article IX.B of the Plan, as applicable, and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon the Debtors,

the Reorganized Debtors, and any and all Holders of Claims or Equity Interests (irrespective of whether such Claims or Equity Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, exculpations, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents.

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or advisable to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Reorganized Debtors, as applicable, and all Holders of Claims and Equity Interests receiving distributions pursuant to the Plan and all other parties in interest 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.

C. Dissolution of the Committee.

On the Effective Date, the Creditors' Committee shall dissolve and all members, employees, or agents thereof shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Cases; *provided*, that the Creditors' Committee shall be deemed to remain in existence solely with respect to, and shall not be heard on any issue except applications filed by the Professionals pursuant to section 330 and 331 of the Bankruptcy Code.

D. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor or any other Entity with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

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

F. Notices.

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of

notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

1. if to the Debtors, to:

Vanguard Natural Resources, LLC
5847 San Felipe, Suite 3000
Houston, Texas 77057
Attn: Scott W. Smith, President and Chief Executive Officer
Richard Robert, Chief Financial Officer
Lisa Godfrey
Fax: (832) 327-2260
Email: swsmith@vnrllc.com
rrobert@vnrllc.com

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

Paul Hastings LLP
71 S. Wacker Drive
45th Floor
Chicago, Illinois 60606
Tel.: (312) 499-6000
Fax: (312) 499-6100
Attn: Chris Dickerson
Todd Schwartz
Email: chrisdickerson@paulhastings.com
toddschwartz@paulhastings.com

–and–

Paul Hastings LLP
600 Travis St.
58th Floor
Houston, Texas 77002
Attn: Douglas Getten
James Grogan
Email: douggetten@paulhastings.com
jamesgrogan@paulhastings.com

2. if to the Administrative Agent, to:

Citibank, N.A.
811 Main Street, Suite 4000
Houston, Texas 77002
Attn: Phillip Ballard
Email: phil.ballard@citi.com

–and–

Citibank, N.A.
388 Greenwich Street
New York, New York 10013
Attn: Sugam Mehta
Email: sugam.mehta@citi.com

with copies (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
200 Crescent Court, Suite 300
Dallas, Texas 75201-6950
Tel.: (214) 746-7700
Fax: (214) 746-7777
Attn: Stephen Karotkin
Blaire Cahn
Email: stephen.karotkin@weil.com
Blaire.Cahn@weil.com

3. if to the Consenting Second Lien Noteholders, to the address set forth on each Consenting Second Lien Note Holder's signature page (or as directed by any transferee thereof), as the case may be, with a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
250 West 55th Street
New York, NY 10019-9601
New York, New York 10019
Tel: (212) 468-8000
Fax: (212) 468-7900
Attn: John Pintarelli

Email: jpintarelli@mofo.com

4. if to the Second Lien Notes Trustee, to:

Delaware Trust Company
2711 Centerville Road
Wilmington, Delaware 19808
Tel.: (877) 374-6020
Fax: (302) 636-8666
Attn: Sandi Horwitz
Email: shorwitz@delawaretrust.com

with copies (which shall not constitute notice) to:

Ropes & Gray LLP
Prudential Tower, 800 Boylston Street
Boston, Massachusetts 02199-3600
Attn: Patricia I. Chen
Mark Somerstein

5. if to the Consenting Senior Noteholders, to the address set forth on each Consenting Senior Note Holders signature page (or as directed by any transferee thereof), as the case may be, with a copy (which shall not constitute notice) to:

Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, New York 10005
Tel.: (212) 530-5100
Fax: (212) 530-5219
Attn: Dennis Dunne
Samuel Khalil
Brian Kinney
Email: ddunne@milbank.com
skhalil@milbank.com
bkinney@milbank.com

6. if to the 2019 Senior Notes Trustee, to:

Wilmington Trust, N.A.
1100 North Market Street
Wilmington, Delaware 19890-1605
Attn: Rita Marie Ritrovato
Email: rritrovato@wilmingtontrust.com

7. if to the 2020 Senior Notes Trustee, to:

UMB Bank, N.A.
1010 Grant Blvd., 4th Floor
Kansas City, Missouri 64106
Tel.: (816) 860-3009
Fax: (816) 860-3029
Attn: Mark Flanagan
Email: mark.flannagan@umb.com

With copies (which shall not constitute notice) to:

Kelley Drye & Warren LLP
101 Park Avenue
New York, NY 10178
Tel. (212) 808-7800
Fax: (212 (808-7897)

Attn: Eric R. Wilson
Benjamin D. Feder
Email: ewislon@kelleydrye.com
bfeder@kelleydrye.com

8. if to the Creditors' Committee, to:

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, New York 10036
Tel. (212) 872-1000
Fax: (212) 872-1002
Attn: Michael Stamer
Meredith Lahaie
Email: mstamer@akingump.com
mlahaie@akingump.com

After the Effective Date, the Reorganized Debtors shall have the authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Reorganized Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have filed such renewed requests.

G. Entire Agreement.

Except as otherwise indicated, 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.

H. Exhibits.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.primeclerk.com/vanguard/ or the Bankruptcy Court's website at http://www.txs.uscourts.gov/bankruptcy.

I. Nonseverability of Plan Provisions.

If, before Confirmation, 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. 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: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the Debtors' or Reorganized Debtors' consent, as applicable; *provided*, that any such deletion or modification must be consistent with the RSA and Backstop Agreement, as applicable; and (c) nonseverable and mutually dependent.

J. 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 pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, managers, 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 any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law (including the Securities Act), 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 and any previous plan.

K. Waiver or Estoppel.

Each Holder of a Claim or Equity Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Equity Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers filed before the Confirmation Date.

L. Closing of Chapter 11 Cases

The Reorganized Debtors shall, 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; *provided*, that the Reorganized Debtors may, in their discretion, close certain of the Chapter 11 Cases while allowing other Chapter 11 Cases to continue for the purposes of making distributions on account of Claims or administering to Claims as set forth in this Plan, or for any other provision set forth in this Plan.

[*remainder of page intentionally left blank*]

Dated: May 24, 2017

Vanguard Natural Resources, LLC

on behalf of itself and all other Debtors

/s/ Richard A. Robert

Richard A. Robert
Executive Vice President and Chief Financial Officer

Exhibit B

Restructuring Support Agreement

THIS RESTRUCTURING SUPPORT AGREEMENT IS PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL SETTLEMENT DISCUSSIONS.

THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

VANGUARD NATURAL RESOURCES, LLC

RESTRUCTURING SUPPORT AGREEMENT

February 1, 2017

Reflecting Amendments implemented by Amendment dated May __, 2017

This Restructuring Support Agreement (together with the exhibits attached hereto, and as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms hereof, this "Agreement"), dated as of February 1, 2017 and amended as of May _, 2017, is entered into by and among: (i) Vanguard Natural Resources, LLC, a Delaware limited liability company ("VNR," together with its direct and indirect subsidiaries, the "Debtors" or the "Company," each a "Debtor"), (ii) certain holders of those certain 7.0% Senior Secured Second Lien Notes due 2023 (the "Second Lien Notes", and all claims and obligations arising under or in connection with the Second Lien Notes, the "Second Lien Note Claims") issued under the Indenture dated February 10, 2016, by and among VNR, VNR Finance Corp. ("VNR Finance"), and U.S. Bank National Association, as trustee, that are signatories hereto (collectively, the "Consenting Second Lien Note Holders" and the amount of claims held by the Consenting Second Lien Note Holders at any time, the "Consenting Second Lien Note Holder Claims"); (iii) certain holders of those certain 7.875% Senior Notes due 2020 (the "2020 Notes", and all claims and obligations arising under or in connection with the 2020 Notes, the "2020 Note Claims") issued under the Indenture dated April 4, 2012, by and among VNR, VNR Finance, and U.S. Bank National Association, as trustee, that are signatories hereto (collectively the "Consenting 2020 Note Holders" and the amount of claims held by the Consenting 2020 Note Holders at any time, the "Consenting 2020 Note Holder Claims"); (iv) certain holders of those certain 8 3/8% Senior Notes due 2019 (the "2019 Notes" and together with the 2020 Notes, the "Senior Notes", and all claims and obligations arising under or in connection with the 2019 Notes, the "2019 Note Claims" and together with the 2020 Note Claims, the "Senior Note Claims") issued under the Indenture dated as of May 27, 2011, among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., and U.S. Bank National Association, as trustee, that are signatories hereto (the "Consenting 2019 Note Holders," and together with the Consenting 2020 Note Holders, the "Consenting Senior Note Holders", and the amount of claims held by the Consenting 2019 Note Holders at any time, the "Consenting 2019 Note Holder Claims" and together with the Consenting 2020 Note Holder Claims, the "Consenting Senior Note Holder Claims"); and (v) certain lenders under the Third Amended and Restated Credit Agreement among Vanguard Natural Gas, LLC, as borrower, each guarantor thereunder,

Citibank, N.A., as issuing bank and administrative agent (in such capacity the "RBL Agent"), and the lenders from time to time party thereto, dated as of September 30, 2011 (as amended, the "RBL Facility", and all claims and obligations arising under or in connection with the RBL Facility, the "RBL Facility Claims"), that are signatories hereto (collectively, the "Consenting RBL Lenders"). "Restructuring Support Parties" shall mean the Consenting Second Lien Note Holders, the Consenting Senior Note Holders, and the Consenting RBL Lenders. This Agreement collectively refers to the Debtors, the Restructuring Support Parties, and each other person that becomes a party to this Agreement in accordance with its terms as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, the Parties have engaged in good faith, arm's-length negotiations regarding a restructuring transaction (the "Restructuring") pursuant to the terms and conditions set forth in this Agreement, including a proposed joint chapter 11 plan of reorganization for the Debtors on terms consistent with the Plan Term Sheet attached hereto as Exhibit A (the "Plan Term Sheet") and incorporated by reference pursuant to Section 2 hereof (as may be amended, restated, supplemented, or otherwise modified from time to time in accordance with this Agreement, the "Plan"); and

WHEREAS, certain Consenting Second Lien Note Holders (the "2L Investors") have committed to purchase $19.25 million of New Equity Interests (as defined in the Plan Term Sheet) pursuant to an Equity Commitment Agreement dated as of February 24, 2017 (the "Equity Commitment Agreement") and amended as of May [ ], 2017 on terms consistent with the Plan Term Sheet, the initial amount of the several commitment of each 2L Investor under the Equity Commitment Agreement (their "Equity Commitment") is set forth therein; and

WHEREAS, certain Consenting Senior Note Holders (the "Backstop Parties") have committed to (a) backstop the Senior Notes Rights Offering (as defined in the Plan Term Sheet), and (b) purchase for cash an aggregate of $31.25 million in principal amount of Term Facility A (as defined and as provided in the Plan Term Sheet), pursuant to a Backstop Commitment and Equity Investment Agreement dated as of February 24, 2017 and amended as of May [ ] 2017 (as so amended, the "Backstop Commitment Agreement") on terms consistent with the Plan Term Sheet, the initial amount of the several commitment of each Backstop Party under the Backstop Commitment Agreement (their "Backstop Commitment") is set forth on a schedule thereto; and

WHEREAS, the Restructuring will be implemented pursuant to the Plan; in the voluntary cases commenced by the Debtors (the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court"), and

WHEREAS, this Agreement is not intended to be and shall not be deemed to be a solicitation for acceptances of any chapter 11 plan;

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, each of the Parties, intending to be legally bound, hereby agrees as follows:

AGREEMENT

1. RSA Effective Date. This Agreement shall become effective (the "RSA Effective Date"), and the obligations contained herein shall become binding upon the Parties, upon the execution and delivery of counterpart signature pages to this Agreement by and among (a) VNR, (b) Consenting Second Lien Note Holders holding, in aggregate, at least two thirds in principal amount outstanding of all Second Lien Note Claims, and (c) Consenting Senior Note Holders holding, in aggregate, at least a majority in principal amount outstanding of all 2020 Note Claims; provided, that, this Agreement shall also be effective, and the obligations contained herein binding upon each of them, upon execution and delivery of counterpart signature pages to this Agreement by Consenting RBL Lenders holding, in aggregate, at least two-thirds in principal amount outstanding and more than one-half in number of all RBL Facility Claims.

2. Exhibits and Schedules. Each of the exhibits and schedules attached hereto (collectively, the "Exhibits and Schedules") is expressly incorporated herein and made a part of this Agreement, and all references to this Agreement shall include the Exhibits and Schedules (including any exhibits or schedules to such Exhibits and Schedules). Subject to the following sentence, in the event of any inconsistencies between the terms of this Agreement and the Plan, (a) prior to the Effective Date (as defined below), this Agreement shall govern, and (b) on and after the Effective Date, the Plan shall govern. In the event of any inconsistency between this Agreement (without reference to Exhibits and Schedules) and the Exhibits and Schedules this Agreement (without reference to Exhibits and Schedules) shall govern with respect to the consent rights in Paragraph 3 and the Amendment and Waiver provisions in Paragraphs 32 and 32A.

3. Definitive Documentation. The definitive documents and agreements (the "Definitive Documentation") governing the Restructuring shall include: (a) the Plan (and all schedules, exhibits and supplements thereto); (b) the order approving and confirming the Plan, including the settlements described therein (the "Confirmation Order"); (c) the disclosure statement (and all exhibits thereto) with respect to the Plan (the "Disclosure Statement"); (d) the solicitation materials with respect to the Plan (collectively, the "Solicitation Materials"); (e) the order approving the Disclosure Statement and the Solicitation Materials (the "DS Order"); (f) any interim (an "Interim DIP Order") or final (the "Final DIP Order") orders authorizing the use of cash collateral and/or the entry into debtor in possession financing and entered by the Bankruptcy Court after May [ ], 2017; (g) any credit agreement for debtor-in-possession financing (the "DIP Facility") executed or amended after May [ ], 2017; (h) the Backstop Commitment Agreement; (i) the order approving the entry into the Backstop Commitment Agreement; (j) the Equity Commitment Agreement; (k) any order approving the Equity Commitment Agreement; (l) the documents governing the Revolving Facility, Term Loan A and the Alternative Term Loan (each as defined in the Plan Term Sheet); (m) the Hedge Order (as defined in the Plan Term Sheet), ISDA and the other agreements and documents relating to hedging and (n) the documents identified on Exhibit C hereto that will be filed with the Disclosure Statement or otherwise comprise the Plan Supplement. The Definitive Documentation identified in the foregoing sentence (i) shall contain terms, conditions, representations, warranties, and covenants consistent with the terms of this Agreement, (ii) shall

otherwise be in form and substance satisfactory to the Debtors and reasonably satisfactory to those parties holding more than 66.66% of the Backstop Commitment held by Senior Commitment Parties (under, and as defined, in the Backstop Commitment Agreement) (the "Required Consenting Senior Note Holders") and, other than with respect to items 4, 5, 9, and 11 on Exhibit C hereto, Consenting RBL Lenders holding more than 66.66% of the Consenting RBL Facility Claims (the "Required Consenting RBL Lenders"), and (iii) shall, with respect to the Equity Commitment Agreement, the order approving the Equity Commitment Agreement, and the notes to be issued to the holders of Allowed Second Lien Notes Claims under the Plan, be otherwise in form and substance reasonably satisfactory to Consenting Second Lien Note Holders holding more than 66.66% of the Consenting Second Lien Note Holder Claims (the "Required Consenting Second Lien Note Holders"). The Debtors will use commercially reasonable efforts to provide draft copies of the Definitive Documentation that the Debtors intend to file with the Bankruptcy Court (other than "first day" motions) to counsel to the Restructuring Support Parties at least two (2) business days before the date on which Debtors intend to file such documents or as soon as reasonably practicable thereafter. The Debtors will provide drafts of items 4, 5, 9, and 11 on Exhibit C hereto to the Consenting RBL Lenders and will consider their reasonable comments in good faith.

4. Milestones. VNR shall implement the Restructuring on the following timeline (in each case, a "Milestone"):

(a) [Reserved]

(b) [Reserved]

(c) [Reserved]

(d) no later than May 31, 2017, the Debtors shall file with the Bankruptcy Court the Hedge Motion;

(e) no later than June 14, 2017, the Bankruptcy Court shall enter the Hedge Order;

(f) no later than May 31, 2017, the Bankruptcy Court shall enter the DS Order;

(g) no later than July 17, 2017, the Bankruptcy Court shall enter the Confirmation Order; and

(h) no later than July 24, 2017, the Company shall have received all necessary regulatory and other required approvals and consents to consummate the Restructuring in accordance with the Agreement, the Plan and Confirmation Order and the effective date of the Plan (the "Effective Date") shall occur.

Notwithstanding the above, a specific Milestone may be extended or waived with the express prior written consent of the Debtors, the Required Consenting Senior Note Holders, and the RBL Agent on behalf of the Required Consenting RBL Lenders; provided that the Milestone set forth

in section (h) may not be extended beyond 185 days from the Petition Date without the additional consent of the Required Consenting Second Lien Note Holders.

5. Commitment of Restructuring Support Parties.

(a) From the RSA Effective Date and until the occurrence of a Termination Date (as defined below), each Restructuring Support Party shall (severally and not jointly), but without limiting the consent and approval rights provided by this Agreement:

(i) support and take all commercially reasonable actions necessary or requested by the Debtors to facilitate consummation of the Restructuring in accordance with the terms and conditions of this Agreement and the Plan Term Sheet including without limitation, to (A) if applicable, following receipt of an approved Disclosure Statement, timely vote to accept the Plan, in accordance with the applicable procedures set forth such Disclosure Statement and Solicitation Materials, with respect to each and all of its claims (as defined in section 101(5) of the Bankruptcy Code) against, and interests in, the Company, now or hereafter owned by such Restructuring Support Party or for which it now or hereafter serves as the nominee, investment manager, or advisor for holders thereof, (B) to the extent such election is available, not elect on its ballot to preserve claims, if any, that each Restructuring Support Party may own or control that may be affected by any releases contemplated by the Plan; and (C) to the extent such Restructuring Support Party holds RBL Facility Claims, elects "Option 1" as set forth in the Plan Term Sheet;

(ii) not withdraw, amend, or revoke (or cause to be withdrawn, amended, or revoked) its vote with respect to the Plan; *provided*, *however*, that the vote(s) of a Restructuring Support Party shall be immediately revoked, withdrawn, and deemed void *ab initio* upon the occurrence of the Termination Date with respect to such Restructuring Support Party;

(iii) except as otherwise permitted hereunder, use commercially reasonable efforts not to (1) object to, delay, impede, or take any other action to interfere with, directly or indirectly, the Restructuring, confirmation of the Plan, or approval of the Disclosure Statement, or (2) propose, file, support, or vote for, directly or indirectly, any restructuring, workout, or chapter 11 plan for the Debtors other than the Restructuring and the Plan;

(iv) not commence any proceeding to oppose or alter any of the terms of the Plan (provided that the Plan is consistent in all material respects with the terms and conditions of this Agreement and has received the consents required by Section 3 hereof);

(v) support (and not object to) the "first-day" motions and other motions consistent with this Agreement filed by the Debtors in furtherance of the Restructuring; provided, that the Debtors have complied with Section 12 hereof; provided, further, that to the extent that, prior to May 1, 2017, any

Restructuring Support Party filed an objection to (or otherwise opposed) the entry of the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507, Bankruptcy Rules 2002, 4001, and 9014, and Local Bankruptcy Rules 2002-1, 4001-1(b), 4002-1(i), and 9013-1 (I) Authorizing the Debtors to (A) Obtain Postpetition Senior Secured Superpriority Financing and (B) Use Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [Docket No. 63] entered by the Bankruptcy Court on February 2, 2017, such objection or opposition shall not constitute non-compliance with this Section 5(a)(v);

(vi) not take, nor encourage any other person or entity to take, any action, including, without limitation, initiating or joining in any legal proceeding, which is materially inconsistent with this Agreement and could reasonably be expected to interfere with the approval, acceptance, confirmation, consummation, or implementation of the Restructuring or the Plan, as applicable; and

(vii) not instruct (or join in any direction requesting that) Delaware Trust Company (or its successor, as applicable), as trustee under the Second Lien Notes, UMB Bank, National Association (or its successor, as applicable) as trustee under the 2020 Notes, or Wilmington Trust, N.A. (or its successor, as applicable) as trustee under the 2019 Notes to take any action, or refrain from taking any action, that would be inconsistent with this Agreement or the Restructuring.

Notwithstanding the foregoing, nothing in this Agreement and neither a vote to accept the Plan by any Restructuring Support Party nor the acceptance of the Plan by any Restructuring Support Party shall (y) be construed to prohibit any Restructuring Support Party from contesting whether any matter, fact, or thing is a material breach of, or is materially inconsistent with, this Agreement or (z) be construed to prohibit any Restructuring Support Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement and are not for the purpose of hindering, delaying, or preventing the consummation of the Restructuring.

6. Commitment of the Debtors. From the RSA Effective Date and until the occurrence of a Termination Date:

(a) subject to paragraph (c) below, the Debtors (i) agree to (A) support and complete the Restructuring and all transactions set forth in the Plan and this Agreement (in accordance with the terms of this Agreement), (B) complete the Restructuring and all transactions set forth or described in the Plan in accordance with the Milestones set forth in Section 4 of this Agreement, (C) take all reasonably necessary actions in furtherance of the Restructuring, this Agreement, and the Plan, including prompt execution and delivery of Definitive Documentation and promptly seeking

Bankruptcy Court approval of the Definitive Documentation, (D) pay the fees and expenses required by Section 17, (E) make commercially reasonable efforts to obtain any and all required regulatory and/or third-party approvals for the Restructuring, (F) oppose any motion filed with the Bankruptcy Court by a third party seeking the entry of an order (x) directing the appointment of a trustee or examiner (with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code), (y) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (z) dismissing the Chapter 11 Cases, (G) oppose any motion filed with the Bankruptcy Court by a third party seeking the entry of an order modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization, as applicable, and (H) use all commercially reasonable efforts necessary to implement a hedging program that is reasonably acceptable to the Required Consenting Senior Note Holders and the Required Consenting RBL Lenders, including filing the Hedge Motion and promptly seeking entry of the Hedge Order; and (ii) shall not undertake any actions materially inconsistent with the adoption and implementation of the Plan and confirmation thereof.

(b) the Debtors shall, subject to the paragraph (c) below, not, directly or indirectly: (i) seek, solicit, or support any dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale of assets, financing (debt or equity), or restructuring of the Debtors, other than the Plan and Restructuring (an "Alternative Transaction"), and (ii) cause or allow any of their affiliates or any of their respective directors, officers, employees, agents, advisors or other representatives (collectively its "Representatives") to solicit any agreements (or continue any existing solicitation) relating to an Alternative Transaction; provided that the sale of the assets related to Glasscock County Texas shall not constitute an Alternative Transaction.

(c) for the avoidance of doubt and without limiting the foregoing, in order to fulfill the Debtors' fiduciary obligations, the Debtors and their respective agents and representatives may receive (but not solicit) proposals or offers for Alternative Transactions from third parties without breaching or terminating this Agreement and, subject to the terms of this Agreement, may discuss and provide due diligence to third parties in connection with such bona fide, written, unsolicited proposals or offers that did not result from a breach of this Agreement; provided, that the Debtors' shall (a) provide a copy of any written offer or proposal (and notice of any oral offer or proposal) for an Alternative Transaction within one (1) business day of the Debtors' or their advisors' receipt of such offer or proposal received to the respective legal counsel and the financial advisors to the Restructuring Support Parties; (b) provide such information to the respective advisors to the Restructuring Support Parties regarding such discussions (including the identity of the proposing person(s) and copies

of any materials provided to such parties hereunder) as necessary to keep the Restructuring Support Parties contemporaneously informed as to the status and substance of such discussions; and (c) to the extent the Debtors or their Representatives furnish any non-public information to the person proposing such Alternative Transaction, they shall simultaneously furnish such information to the respective legal counsel and financial advisors to the Restructuring Support Parties.

7. Consenting Senior Note Holder Termination Events. The Required Consenting Senior Note Holders shall have the right, but not the obligation, upon five (5) days' written notice to the Company, counsel to the RBL Agent, and counsel to the Consenting Second Lien Note Holders, to terminate the obligations of their Consenting Senior Note Holders under this Agreement upon the occurrence of any of the following events (each, a "Consenting Senior Note Holder Termination Event"), unless waived, in writing, by the Required Consenting Senior Note Holders on a prospective or retroactive basis:

(a) the failure to meet any Milestone in Section 4 unless (i) such failure is the result of any act, omission, or delay on the part of Consenting Senior Note Holders in violation of its obligations under this Agreement or (ii) such Milestone is extended in accordance with Section 4;

(b) the occurrence of a material breach of this Agreement by the Company that has not been cured (if susceptible to cure) within five (5) business days after the receipt by the Company of written notice of such breach;

(c) entry of an order by the Bankruptcy Court converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code;

(d) entry of an order by the Bankruptcy Court appointing a trustee, receiver, or examiner with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code in the Chapter 11 Case;

(e) entry of an order by the Bankruptcy Court terminating any Debtor's exclusive right to file a plan of reorganization pursuant to section 1121 of the Bankruptcy Code;

(f) any Debtor amends or modifies, or files a pleading seeking authority to amend or modify, the Definitive Documentation, unless such amendment or modification is consistent with this Agreement, including Section 3;

(g) entry of an order by the Bankruptcy Court amending or modifying the Definitive Documentation, unless such amendment or modification is consistent in all material respects with this Agreement, including Section 3;

(h) either (i) the Debtors determine to pursue any Alternative Transaction, including any plan of reorganization (other than the Plan) or (ii) any Debtor files, propounds, or otherwise publicly supports or announces that any Debtor will support any Alternative Transaction, including any plan of

reorganization other than the Plan, or files any motion or application seeking authority to sell any material assets, without the prior written consent of the Required Consenting Senior Note Holders;

(i) the issuance by any governmental authority, including the Bankruptcy Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order enjoining the substantial consummation of the Restructuring; provided, however, that the Debtors shall have five (5) business days after issuance of such ruling or order to obtain relief that would allow consummation of the Restructuring in a manner that (i) does not prevent or diminish in a material way compliance with the terms of the Plan and this Agreement and (ii) is reasonably acceptable to the Required Consenting Senior Note Holders;

(j) a breach by any Debtor of any representation, warranty, or covenant of such Debtor set forth in this Agreement that could reasonably be expected to have a material adverse impact on the Restructuring or the consummation of the Restructuring that (if susceptible to cure) remains uncured for a period of ten (10) business days after the receipt by the Company of written notice of such breach;

(k) the filing by the Debtors of any Definitive Documentation that does not comply with Section 3 of this Agreement;

(l) the declaration of an event of default under the Interim DIP Order, the Final DIP Order, or a DIP Facility;

(m) the termination of the Backstop Commitment Agreement in accordance with its terms;

(n) the Required Consenting Second Lien Note Holders terminate this Agreement as set forth in Section 8 of this Agreement or the Required Consenting RBL Lenders terminate this Agreement as set forth in Section 8A of this Agreement; or

(o) the occurrence of the maturity date of a DIP Facility.

8. Consenting Second Lien Note Holder Termination Events. The Required Consenting Second Lien Note Holders shall have the right, but not the obligation, upon five (5) days' written notice to the Company, counsel to the Consenting Senior Note Holders, and counsel to the RBL Agent to terminate the obligations of the Consenting Second Lien Note Holders under this Agreement upon the occurrence of any of the following events (each, a "Consenting Second Lien Note Holder Termination Event"), unless waived, in writing, by the Required Consenting Second Lien Note Holders on a prospective or retroactive basis:

(a) the failure to meet any Milestone in Section 4 unless (i) such failure is the result of any act, omission, or delay on the part of Consenting Second Lien Note Holders in violation of its obligations under this Agreement or (ii) such Milestone is extended in accordance with Section 4;

(b) the filing by the Debtors of any Definitive Documentation that is inconsistent with the treatment provided to Second Lien Note Claims or the 2L Investment in the Plan Term Sheet;

(c) the filing by the Debtors of any Definitive Documentation that does not have the consent required by Section 3 (iii), to the extent such consent is required by such subsection;

(d) entry of an order by the Bankruptcy Court amending or modifying the Definitive Documentation, unless such amendment or modification is consistent in all material respects with the treatment provided to Second Lien Note Claims or the 2L Investment in the Plan Term Sheet;

(e) the termination of the Equity Commitment Agreement in accordance with its terms; or

(f) the Required Consenting Senior Note Holders terminate this Agreement as set forth in Section 7 of this Agreement.

8A. Consenting RBL Lender Termination Events. The Required Consenting RBL Lenders shall have the right, but not the obligation, upon five (5) days' written notice to the Company, counsel to the Consenting Senior Note Holders, and counsel to the Consenting Second Lien Note Holders, to terminate the obligations of the Consenting RBL Lenders under this Agreement upon the occurrence of any of the following events (each, a "Consenting RBL Lender Termination Event"), unless waived, in writing, by the Required Consenting RBL Lenders on a prospective or retroactive basis:

(a) the failure to meet any Milestone in Section 4 unless (i) such failure is the result of any act, omission, or delay on the part of Consenting RBL Lenders in violation of its obligations under this Agreement or (ii) such Milestone is extended in accordance with Section 4;

(b) the occurrence of a material breach of this Agreement by the Company that has not been cured (if susceptible to cure) or waived (in accordance with the terms of this Agreement) within five (5) business days after the receipt by the Company of written notice of such breach;

(c) entry of an order by the Bankruptcy Court converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code;

(d) entry of an order by the Bankruptcy Court appointing a trustee, receiver, or examiner with expanded powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code in the Chapter 11 Case;

(e) entry of an order by the Bankruptcy Court terminating any Debtor's exclusive right to file a plan of reorganization pursuant to section 1121 of the Bankruptcy Code;

(f) any Debtor amends or modifies, or files a pleading seeking authority to amend or modify, the Definitive Documentation, unless such amendment or modification is consistent with this Agreement, including Section 3;

(g) entry of an order by the Bankruptcy Court amending or modifying the Definitive Documentation, unless such amendment or modification is consistent in all material respects with this Agreement, including Section 3;

(h) either (i) the Debtors determine to pursue any Alternative Transaction, including any plan of reorganization (other than the Plan) or (ii) any Debtor files, propounds, or otherwise publicly supports or announces that any Debtor will support any Alternative Transaction, including any plan of reorganization other than the Plan, or files any motion or application seeking authority to sell any material assets, without the prior written consent of the Required Consenting RBL Lenders;

(i) the issuance by any governmental authority, including the Bankruptcy Court, any regulatory authority, or any other court of competent jurisdiction, of any ruling or order enjoining the substantial consummation of the Restructuring; provided, however, that the Debtors shall have five (5) business days after issuance of such ruling or order to obtain relief that would allow consummation of the Restructuring in a manner that (i) does not prevent or diminish in a material way compliance with the terms of the Plan and this Agreement and (ii) is reasonably acceptable to the Required Consenting RBL Lenders;

(j) a breach by any Debtor of any representation, warranty, or covenant of such Debtor set forth in this Agreement that could reasonably be expected to have a material adverse impact on the Restructuring or the consummation of the Restructuring that (if susceptible to cure) remains uncured for a period of ten (10) business days after the receipt by the Company of written notice of such breach;

(k) the filing by the Debtors of any Definitive Documentation that does not comply with Section 3 of this Agreement;

(l) the declaration of an event of default under the Interim DIP Order, the Final DIP Order, or a DIP Facility;

(m) the termination of the Backstop Commitment Agreement in accordance with its terms;

(n) the Required Consenting Second Lien Note Holders terminate this Agreement as set forth in Section 8 of this Agreement or the Required Consenting Senior Note Holders terminate this Agreement as set forth in Section 7 of this Agreement; or

(o) the occurrence of the maturity date of a DIP Facility.

9. VNR Termination Events. VNR may, in its sole discretion, terminate this Agreement as to all Parties upon five (5) days' written notice to the Restructuring Support Parties following the occurrence of any of the following events (each a "Company Termination Event" and, together with the Consenting Senior Note Holder Termination Events, the Consenting Second Lien Note Holder Termination Events, and the Consenting RBL Lender Termination Events, the "Termination Events"):

(a) a breach by a Restructuring Support Party of any of the representations, warranties, or covenants of such Restructuring Support Party set forth in this Agreement that could reasonably be expected to have a material adverse impact on the Restructuring or the consummation of the Restructuring that (if susceptible to cure) remains uncured for a period of ten (10) business days after the receipt by such Restructuring Support Party of written notice of such breach; provided that in the event such breach is a breach solely of Consenting Second Lien Note Holders such breach may be cured by the Consenting Senior Note Holders;

(b) a breach by any Restructuring Support Party of any of its obligations under this Agreement that could reasonably be expected to have a material adverse impact on the Restructuring or the consummation of the Restructuring that (if susceptible to cure) remains uncured for a period of ten (10) business days after the receipt by all Restructuring Support Parties of written notice of such breach provided that in the event such breach is a breach solely of Consenting Second Lien Note Holders such breach may be cured by the Consenting Senior Note Holders;

(c) VNR determines that continued pursuit or support of the Restructuring (including, without limitation, the Plan or the solicitation of the Plan) would be inconsistent with the exercise of its fiduciary duties;

(d) the Required Consenting Senior Note Holders terminate this Agreement as set forth in Section 7 of this Agreement; or

(e) the issuance by any governmental authority, including the Bankruptcy Court or any other regulatory authority or court of competent jurisdiction, of any injunction, judgment, decree, charge, ruling, or order preventing the consummation of a material portion of the Restructuring.

10. Mutual Termination; Automatic Termination. This Agreement, and the obligations of all Parties hereunder, may be terminated by mutual agreement by and among VNR, on behalf of itself and each other Debtor, the Required Consenting Senior Note Holders and the Required Consenting RBL Lenders. Notwithstanding anything in this Agreement to the contrary, this Agreement and the obligations of all Parties hereunder shall terminate automatically on the Effective Date.

11. Effect of Termination.

(a) The earliest date on which a Party's termination of this Agreement is effective in accordance with Section 7, Section 8, Section 8A, Section 9, or Section 10 of this Agreement

shall be referred to as a "Termination Date." Upon the occurrence of a Termination Date (w) under Section 7, the obligations of the Consenting Senior Note Holders shall be terminated immediately and such holders shall be released from their respective commitments, undertakings, and agreements hereunder and all other Parties hereto are released from their commitments, undertakings, and agreements to the Consenting Senior Note Holders, (x) under Section 8, the obligations of the Consenting Second Lien Note Holders shall be terminated immediately and such holders shall be released from their respective commitments, undertakings, and agreements hereunder and all other Parties hereto are released from their commitments, undertakings, and agreements to the Consenting Second Lien Note Holders, and (y) under Section 8A, the obligations of the Consenting RBL Lenders shall be terminated immediately and such holders shall be released from their respective commitments, undertakings, and agreements hereunder and all other Parties hereto are released from their commitments, undertakings, and agreements to the Consenting RBL Lenders, and (z) under Section 9 or Section 10, all Parties' obligations under this Agreement shall be terminated effective immediately, and all Parties hereto shall be released from their respective commitments, undertakings, and agreements hereunder; provided, however, that in each case, each of the following shall survive such termination and all rights and remedies with respect to such claims shall not be prejudiced in any way: (i) any claim for breach of this Agreement that occurs prior to such Termination Date and (ii) this Section 11 and Sections 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, 28, 29, 33, 34, 35 and 36. Termination shall not relieve any Party from liability for its breach or non-performance of its obligations hereunder prior to the Termination Date.

12. Cooperation and Support. VNR shall provide draft copies of all "first day" motions and "second day" motions that any Debtor intends to file with the Bankruptcy Court to counsel for the Restructuring Support Parties at least three (3) business days (or as soon thereafter as is reasonably practicable under the circumstances) prior to the date when such Debtor intends to file such document, and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing with the Bankruptcy Court. The Debtors will use reasonable efforts to provide draft copies of all other material pleadings any Debtor intends to file with the Bankruptcy Court to counsel to the Restructuring Support Parties at least two (2) business days prior to filing such pleading and shall consult in good faith with such counsel regarding the form and substance of any such proposed pleading. For the avoidance of doubt, the Parties agree to negotiate in good faith the Definitive Documentation that is subject to negotiation and completion, consistent with the last sentence of Section 3 hereof and the Plan Term Sheet.

13. Transfers of Claims and Interests.

(a) Each Restructuring Support Party shall not (i) sell, transfer, assign, hypothecate, pledge, grant a participation interest in, or otherwise dispose of, directly or indirectly, its right, title, or interest in respect of any of such Restructuring Support Party's claims against, or interests in, any Debtor, as applicable, in whole or in part, or (ii) deposit any of such Restructuring Support Party's claims against, or interests in, any Debtor, as applicable, into a voting trust, or grant any proxies, or enter into a voting agreement with respect to any such claims or interests (the actions described in clauses (i) and (ii) are collectively referred to herein as a "Transfer" and the Restructuring Support Party making such Transfer is referred to herein as the "Transferor"), unless such Transfer is to (a) another Restructuring Support Party and notice of such Transfer is provided to counsel to VNR and counsel to the Consenting Second Lien Note

Holders, Consenting Senior Note Holders, or Consenting RBL Lenders, as applicable or (b) any other entity that agrees, in writing, to be bound by the terms of this Agreement by executing and delivering to VNR, a Transferee Joinder substantially in the form attached hereto as Exhibit B (the "Transferee Joinder"). With respect to claims against, or interests in, a Debtor held by the relevant transferee upon consummation of a Transfer in accordance herewith, such transferee shall be deemed to make all of the representations, warranties, and covenants of a Restructuring Support Party, as applicable, set forth in this Agreement, and shall be deemed to be a Party and a Restructuring Support Party for all purposes under the Agreement. Upon compliance with the foregoing, the Transferor shall be deemed to relinquish its rights under this Agreement solely to the extent of such transferred rights and obligations but shall otherwise remain party to this Agreement as a Restructuring Support Party with respect to any Claims not so transferred. Any Transfer made in violation of this Section 12 shall be deemed null and void and of no force or effect.

(b) Notwithstanding Section 13(a): (A) a Restructuring Support Party may settle or deliver any Claims to settle pursuant to an agreement to Transfer such Claim entered into by such Party prior to the date of this Agreement pending as of the date of such Party's entry into this Agreement without the requirement that the transferee be or become a Party or execute a Transferee Joinder (subject to compliance with applicable securities laws and it being understood that any Claims acquired and held (i.e. not as part of a short transaction) shall be subject to the terms of this Agreement; and (B) (i) a Restructuring Support Party may transfer (by purchase, sale, assignment, participation or otherwise) its right, title, and/or interest in respect of any of such Restructuring Support Party's claims against, or interests in, any Debtor, as applicable, to an entity that is acting in its capacity as a Qualified Marketmaker without the requirement that the Qualified Marketmaker be or become a Restructuring Support Party, provided that such transfer shall only be valid if such Qualified Marketmaker transfers (by purchase, sale, assignment, participation or otherwise) such right, title and/or interest within ten (10) days of its receipt thereof to a transferee that is, or concurrent with such transfer becomes, a Restructuring Support Party, and (ii) to the extent that a party to this Agreement is acting in its capacity as a Qualified Marketmaker, it may transfer (by purchase, sale, assignment, participation or otherwise) any right, title, or interest in respect of any claims against, or interests in, any Debtor, as applicable, that the Qualified Marketmaker acquires from a holder of such interests who is not a Restructuring Support Party without the requirement that the transferee be or become a Restructuring Support Party. For these purposes, a "Qualified Marketmaker" means an entity that (x) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against the Debtors (including debt securities or other debt) or enter with customers into long and short positions in claims against the Debtors (including debt securities or other debt), in its capacity as a dealer or market maker in such claims against the Debtors, and (y) is in fact regularly in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

(c) Transfers of Backstop Commitments shall be subject solely to the terms contained in the Backstop Commitment Agreement and may be transferred independently of Senior Note Claims or Second Lien Note Claims.

(d) Transfers of Equity Commitments shall be subject solely to the terms contained in the Equity Commitment Agreement and may be transferred independently of Senior Note Claims or Second Lien Note Claims.

14. Releases and Exculpation. To the fullest extent permitted by applicable law, the Plan shall provide for comprehensive mutual release and exculpation provisions from and for the benefit of each of the following (in their respective capacities as such): the Debtors, the Consenting Second Lien Note Holders, the Consenting Senior Note Holders, the Consenting RBL Lenders, the RBL Agent, the Backstop Parties, the 2L Investors, Delaware Trust Company, as trustee for the Second Lien Notes, UMB Bank, National Association as trustee for the 2020 Notes, and Wilmington Trust, National Association, as trustee for the 2019 Notes, and all individuals or entities serving, or who have served as a manager, director, managing member, officer, partner, shareholder (other than with respect to an equity holder of a Debtor), or employee of any of the foregoing, and the attorneys and other advisors to each of the foregoing.

15. Acknowledgment. No securities of the Company are being offered or sold hereby and this Agreement neither constitutes an offer to sell nor a solicitation of an offer to buy any securities of VNR. This Agreement is not, and shall not be deemed to be, a solicitation of a vote for the acceptance of the Plan. The acceptance of the Plan by each of the Restructuring Support Parties will not be solicited until such Parties have received the Disclosure Statement and related ballots in accordance with applicable law (including as provided under sections 1125(g) and 1126(b) of the Bankruptcy Code) and will be subject to sections 1125, 1126, and 1127 of the Bankruptcy Code.

16. Representations and Warranties.

(a) Each Restructuring Support Party hereby represents and warrants (on a several and not joint basis) for itself and not any other person or entity that the following statements are true, correct, and complete as of the date hereof:

(i) it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and it has the requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part and no other proceedings on its part are necessary to authorize and approve this Agreement or any of the transactions contemplated herein;

(iii) this Agreement has been duly executed and delivered by the Restructuring Support Party and constitutes the legal, valid, and binding agreement of the Restructuring Support Party, enforceable against the Restructuring Support Party in accordance with its terms;

(iv) the execution, delivery, and performance by it of this Agreement does not and shall not (A) violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation or bylaws or other

organizational documents, or (B) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party;

(v) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability;

(vi) it has been represented by legal counsel of its choosing in connection with this Agreement and the transactions contemplated by this Agreement, has had the opportunity to review this Agreement with its legal counsel, and has not relied on any other statements made by any Party or its legal counsel as to the meaning of any term or condition contained herein or in deciding whether to enter into this Agreement or the transactions contemplated hereby;

(vii) either is (A) the sole beneficial owner of the principal amount of such Second Lien Note Claims, 2020 Note Claims, 2019 Note Claims, and RBL Facility Claims indicated on the respective signature page hereto, or (B) has sole investment or voting discretion with respect to the principal amount of such Second Lien Note Claims, 2020 Note Claims, 2019 Note Claims, and RBL Facility Claims, as applicable, and as indicated on the respective signature page hereto and has the power and authority to bind the beneficial owner of such Second Lien Note Claims, 2020 Note Claims, 2019 Note Claims, and RBL Facility Claims to the terms of this Agreement.

(b) Each of the Debtors hereby represents and warrants on a several and joint basis that the following statements are true, correct, and complete as of the date hereof:

(i) it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and it has the requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement;

(ii) the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate or other organizational action on its part;

(iii) the execution, delivery, and performance by it of this Agreement does not and shall not (A) violate any provision of law, rule, or regulation applicable to it, or its certificate of incorporation or bylaws or other organizational documents, or (B) conflict with, result in a breach of, or

constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it is a party (other than, for the avoidance of doubt, a default that would be triggered as a result of the Chapter 11 Cases or any Debtor's undertaking to implement the Restructuring through the Chapter 11 Cases);

(iv) this Agreement has been duly executed and delivered by VNR and constitutes the legal, valid, and binding agreement of each Debtor, enforceable against each Debtor in accordance with its terms;

(v) the execution, delivery, and performance by it of this Agreement does not and shall not require any registration or filing with, consent or approval of, notice to, or any other action to, with, or by any federal, state or other governmental authority or regulatory body, except (A) any of the foregoing as may be necessary and/or required for disclosure by applicable federal or state securities or "blue sky" laws, (B) any of the foregoing as may be necessary and/or required in connection with the Chapter 11 Cases, including the approval of the Disclosure Statement and confirmation of the Plan, (C) filings of amended certificates of incorporation or articles of formation or other organizational documents with applicable state authorities, and other registrations, filings, consents, approvals, notices, or other actions that are reasonably necessary to maintain permits, licenses, qualifications, and governmental approvals to carry on the business of the Company, and (D) any other registrations, filings, consents, approvals, notices, or other actions, the failure of which to make, obtain or take, as applicable, would not be reasonably likely, individually or in the aggregate, to materially delay or materially impair the ability of any Party hereto to consummate the transactions contemplated hereby;

(vi) it has been represented by legal counsel of its choosing in connection with this Agreement and the transactions contemplated by this Agreement, has had the opportunity to review this Agreement with its legal counsel, and has not relied on any other statements made by any Party or its legal counsel as to the meaning of any term or condition contained herein or in deciding whether to enter into this Agreement or the transactions contemplated hereby;

(vii) The Company has filed with or furnished to the Securities and Exchange Commission (the "SEC") all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since December 31, 2015 under the relevant securities laws. As of their respective dates, and, if amended, as of the date of the last such amendment, each of the reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed with the SEC by the Company, including any financial statements or schedules included therein, (i) did not contain any untrue statement of a material fact or omit

to state a material fact required to be stated in such document or necessary in order to make the statements in such document, in light of the circumstances under which they were made, not misleading and (ii) complied in all material respects with the applicable requirements of all applicable federal securities laws and the applicable rules and regulations of the SEC; and

(viii) subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is the legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally, or by equitable principles relating to enforceability.

17. Fees. VNR shall (a) pay or reimburse when due all reasonable and documented fees and expenses (including travel costs and expenses) of the following (regardless of whether such fees and expenses were incurred before or after the Petition Date), Milbank, Tweed, Hadley & McCloy LLP as primary counsel, Porter Hedges LLP, as local counsel, W.D. Von Gonten & Co. (or comparable consulting firm) as consultants, PJT Partners LP as financial advisor, in each case to the Consenting Senior Note Holders and Backstop Parties and any such other advisors or consultants as may be reasonably determined by the Consenting Senior Note Holders and Backstop Parties, in consultation with VNR, and (b) subject to Bankruptcy Court approval, pay or reimburse when due (and absent such approval shall pay or reimburse on the effective date of the Plan), all reasonable and documented fees and expenses (including travel costs and expenses) of the following (regardless of whether such fees and expenses were incurred before or after the Petition Date), Morrison & Foerster LLP as primary counsel, Jackson Walker LLP as local counsel, and Centerview Partners LLC as financial advisor, in each case to the Consenting Second Lien Note Holders and 2L Investors. The fees and expenses of the RBL Agent and holders of RBL Facility Claims shall be paid as provided for in the Plan Term Sheet.

18. Creditors' Committee. All Parties agree that they shall not oppose, and nothing in this Agreement shall prohibit, the participation of any of the Consenting Senior Note Holders, the indenture trustee for the 2019 Notes, or indenture trustee the 2020 Notes on any official committee of unsecured creditors formed in the Chapter 11 Cases. Notwithstanding anything herein to the contrary, if any Consenting Senior Note Holder (or indenture trustee) is appointed to and serves on an official committee of creditors in the Chapter 11 Cases, the terms of this Agreement shall not be construed so as to limit such Consenting Senior Note Holder's (or indenture trustee's) exercise of its fiduciary duties to any person arising from its service on such committee, and any such exercise of such fiduciary duties shall not be deemed to constitute a breach of the terms of this Agreement; provided, that, nothing in this Agreement shall be construed as requiring any Consenting Senior Note Holder to serve on any official committee in any of the Chapter 11 Cases.

19. [Reserved]

20. No Waiver or Admissions. If the transactions contemplated herein are not consummated, or if this Agreement is terminated for any reason, nothing herein shall be construed as a waiver by any Party of any or all of such Party's rights, remedies, or interests, and

the Parties expressly reserve any and all of their respective rights, remedies, and interests. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert. No Party shall have, by reason of this Agreement, a fiduciary relationship in respect of any other Party or any person or entity, and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon any Party any obligations in respect of this Agreement except as expressly set forth herein. This Agreement and the Restructuring are part of a proposed settlement of a dispute among the Parties. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding involving enforcement of the terms of this Agreement.

21. Relationship Among Parties. Notwithstanding anything herein to the contrary, the duties and obligations of the Parties under this Agreement (other than the Debtors) shall be several, not joint. In the event damages result from the breach of this Agreement by more than one Restructuring Support Party, each such breaching Restructuring Support Party shall be liable, on a several basis, for its pro rata share of such damages, determined by multiplying such damages by the amount of Senior Note Claims, Second Lien Note Claims, and RBL Facility Claims held by such party divided by the aggregate amount of Senior Note Claims, Second Lien Note Claims, and RBL Facility Claims held by all such breaching parties. No prior history, pattern, or practice of sharing confidences among or between Parties shall in any way affect or negate this understanding and Agreement. The Parties hereto acknowledge that this Agreement and the other Definitive Documentation do not constitute an agreement, arrangement, or understanding with respect to acting together for the purpose of acquiring, holding, voting, or disposing of any equity securities of the Debtors and the Restructuring Support Parties do not constitute a "group" within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934, as amended. No action taken by any Restructuring Support Party pursuant to this Agreement shall be deemed to constitute or to create a presumption by any of the Parties that the Restructuring Support Parties are in any way acting in concert or as such a "group."

22. Specific Performance; Remedies Cumulative. Each Party acknowledges and agrees that the exact nature and extent of damages resulting from a breach of this Agreement are uncertain at the time of entering into this Agreement and that any such breach of this Agreement would result in damages that would be difficult to determine with certainty. It is understood and agreed by the Parties that money damages may not be a sufficient remedy for any breach of this Agreement by any Party, and that each non-breaching Party shall be entitled to seek specific performance and injunctive or other equitable relief as a remedy of any such breach, including, without limitation, an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder. Such remedy shall not be deemed to be the exclusive remedy for the breach of this Agreement by any Party or its representatives. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy by any Party hereto shall not preclude the simultaneous or later exercise of any other such right, power, or remedy hereunder.

23. Governing Law and Jurisdiction. This Agreement shall be governed by, and

construed in accordance with, the laws of the State of New York, without regard to such state's choice of law provisions which would require the application of the law of any other jurisdiction. By its execution and delivery of this Agreement, each of the Parties irrevocably and unconditionally agrees for itself that any legal action, suit, or proceeding against it with respect to any matter arising under, arising out of, or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit, or proceeding, shall be brought in either the United States District Court for the Southern District of Texas or, if jurisdiction is not available in such court, any Texas State court sitting in Houston, and by execution and delivery of this Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing, each Party agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising under, arising out of, or in connection with this Agreement. By execution and delivery of this Agreement, each of the Parties irrevocably and unconditionally submits to the personal jurisdiction of the Bankruptcy Court solely for purposes of any action, suit, or proceeding or other contested matter arising under, arising out of, or in connection with this Agreement, or for recognition or enforcement of any judgment rendered or order entered in any such action, suit, proceeding, or other contested matter.

24. Waiver of Right to Trial by Jury. Each of the Parties waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, between any of them arising out of, arising under, in connection with, relating to, or incidental to the relationship established between any of them in connection with this Agreement. Instead, any disputes resolved in court shall be resolved in a bench trial without a jury.

25. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors, assigns, heirs, transferees, executors, administrators, and representatives, in each case solely as such parties are permitted under this Agreement; provided, however, that nothing contained in this Section 25 shall be deemed to permit any transfer, tender, vote, or consent of any claims other than in accordance with the terms of this Agreement.

26. No Third-Party Beneficiaries. This Agreement shall be solely for the benefit of the Parties hereto (or any other party that may become a Party to this Agreement pursuant to Section 13 of this Agreement), and no other person or entity shall be a third-party beneficiary of this Agreement.

27. Consideration. The Parties acknowledge that, other than the agreements, covenants, representations, and warranties set forth herein and to be included in the Definitive Documentation, no consideration shall be due or paid to the Restructuring Support Parties in exchange for their obligations in this Agreement.

28. Notices. All notices (including, without limitation, any notice of termination) and other communications from any Party given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given: (a) upon personal delivery to the Party to be notified, (b) when sent by confirmed electronic mail or facsimile, (c) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next

day delivery, with written verification of receipt. All communications shall be sent:

(a) To VNR:

Vanguard Natural Resources, LLC
5847 San Felipe, Suite 3000
Houston, Texas 77057
Attn: Scott W. Smith, President and Chief Executive Officer
Richard Robert, Chief Financial Officer
Fax: (832) 327-2260
Email: swsmith@vnrllc.com
rrobert@vnrllc.com

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

Paul Hastings LLP
71 S. Wacker Drive
45th Floor
Chicago, IL 60606
Tel.: (312) 499-6000
Fax.: (312) 499-6100
Attn: Chris Dickerson
Douglas Getten
Todd Schwartz
Email: chrisdickerson@paulhastings.com
douggetten@paulhastings.com
toddschwartz@paulhastings.com

(b) To the address set forth on each Consenting Second Lien Note Holder's signature page (or as directed by any transferee thereof), as the case may be, with a copy (which shall not constitute notice) to:

Morrison & Foerster LLP
250 West 55th Street
New York, New York 10019
Tel: (212) 468-8000
Fax: (212) 468-7900
Attn: John Pintarelli
Jon Levine
Daniel Harris
Email: jpintarelli@mofo.com
jonlevine@mofo.com
dharris@mofo.com

(c) To the address set forth on each Consenting Senior Note Holders signature page (or as directed by any transferee thereof), as the case may be, with a copy (which shall not constitute notice) to:

Milbank, Tweed, Hadley & M^cCloy LLP
28 Liberty Street
New York, New York 10005
Tel: (212) 530-5100
Fax: (212) 530-5219
Attn: Dennis Dunne
Samuel Khalil
Brian Kinney
Email: ddunne@milbank.com
skhalil@milbank.com
bkinney@milbank.com

(d) To the address set forth on each Consenting RBL Lender's signature page (or as directed by any transferee thereof), as the case may be, with a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Tel: (212) 310-8000
Fax: (212) 310-8007
Attn: Stephen Karotkin
Joseph Smolinsky
Blaire Cahn
Email: stephen.karotkin@weil.com
joseph.smolinsky@weil.com
blaire.cahn@weil.com

29. Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes all other prior negotiations, agreements, representations, warranties, term sheets, proposals, and understandings, whether written, oral, or implied, among the Parties with respect to the subject matter of this Agreement; provided, however, that any confidentiality agreement executed by any Party shall survive this Agreement and shall continue in full force and effect, subject to the terms thereof, irrespective of the terms hereof.

30. Time Periods. If any time period or other deadline provided in this Agreement expires on a day that is not a business day, then such time period or other deadline, as applicable, shall be deemed extended to the next succeeding business day.

31. Severability of Provisions. If any provision of this Agreement for any reason is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the remaining provisions shall remain in full force and effect if the essential terms and conditions of this Agreement for each party remain valid, binding, and enforceable.

32. Amendment or Waiver.

(a) This Agreement may not be modified, amended, or supplemented without the

prior written consent of VNR and the Required Consenting Senior Note Holders. Notwithstanding the foregoing, this Section 32 may not be modified, altered, or amended except in writing signed by each of the Parties.

(b) Each of the Parties agrees to negotiate in good faith all amendments and modifications to this Agreement as reasonably necessary and appropriate to consummate the Restructuring.

(c) No waiver of any of the provisions of this Agreement shall be deemed or constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall any waiver be deemed a continuing waiver.

32A. Additional Consent Provisions.

(a) This Agreement may not be modified, amended, or supplemented without the prior written consent of the Required Consenting RBL Lenders.

(b) Notwithstanding the foregoing, the consent of each affected RBL Lender shall be required in connection with (i) any increase of its commitment; (ii) the postponement of any scheduled date for payment of principal, interest, fees, or other amounts payable to such Consenting RBL Lender; (iii) any reduction in the principal amount of any loan, interest rate, fee, or other amount payable to such Consenting RBL Lender; (iv) altering the pro rata sharing of payments; or (v) any other modification that reduces the amount of cash or principal amount of notes that such Consenting RBL Lender receives under the Plan (it being agreed that the addition of additional Consenting RBL Lenders or the election by other RBL Lenders of Option 1 or Option 2, each in accordance with the terms of this Agreement, shall not constitute such an alteration).

2. Counterparts. This Agreement may be executed in one or more counterparts, each of which, when so executed, shall be deemed an original and all of which shall constitute one and the same Agreement. The signatures of all of the Parties need not appear on the same counterpart. Delivery of an executed signature page of this Agreement by facsimile or electronic mail shall be effective as delivery of a manually executed signature page of this Agreement.

3. Public Disclosure. VNR may, in its sole discretion, disclose this Agreement (including the signature pages hereto) in a press release and/or public filing, including the Chapter 11 Cases; but shall not disclose the holdings set forth on any signature page hereto or the commitment schedules annexed hereto.

4. Headings. The section headings of this Agreement are for convenience only and shall not affect the interpretation hereof. References to sections, unless otherwise indicated, are references to sections of this Agreement.

5. Interpretation. This Agreement constitutes a fully negotiated agreement among commercially sophisticated parties and therefore shall not be construed or interpreted for or against any Party, and any rule or maxim of construction to such effect shall not apply to this Agreement.

[Signatures and exhibits follow]

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above.

[Name of Party to Restructuring Support Agreement]

By: _____
Name:
Title:

Holdings: $_____ of outstanding principal amount of loans under the RBL Facility

Holdings: $_____ of Senior Note Claims

Holdings: $_____ of Second Lien Note Claims

Vanguard Natural Resources, LLC on behalf of itself and each other Debtor

By: _____
Name:
Title:

Exhibit A

to the Restructuring Support Agreement

TERM SHEET

Exhibit B

to the Restructuring Support Agreement

FORM OF TRANSFEREE JOINDER

The undersigned ("Transferee") hereby acknowledges that it has read and understands the Restructuring Support Agreement (the "Agreement"), dated as of __, 2017, entered into by and among Vanguard Natural Resources, LLC ("VNR"), certain other direct and indirect subsidiaries of VNR (collectively, the "Company"), [Transferor's Name] ("Transferor") and other holders of claims against the Company signatory thereto and, with respect to the claims acquired from the Transferor, agrees to be bound to the terms and conditions thereof to the extent Transferor was thereby bound, without modification, and shall be deemed a "Restructuring Support Party" under the terms of the Agreement.

Date Executed: _____, 2017

[Transferee's Name]

By: _____
Name:
Title:

Principal Amount of Debt acquired:

$ _____ of outstanding principal amount of loans under the RBL Facility

$_____ of Second Lien Note Claims

$_____ of Senior Note Claims

Acknowledgements:

By: _____
Name:
Title:

Exhibit C

to the Restructuring Support Agreement

PLAN SUPPLEMENT DOCUMENTS

1. The Exit Facility documents, including intercreditor agreement, collateral documents, ISDA schedules, and other related documents
2. The Alternative Term Loan
3. New formation documents and bylaws for each Debtor
4. An equityholder's agreement (if applicable)
5. A registration rights agreement
6. A description of any corporate restructuring transactions to be taken in connection with emergence
7. A schedule of assumed contracts and leases
8. A schedule of rejected contracts and leases
9. New executive employment agreements
10. A list of retained causes of action
11. The identity of the members of the boards of directors for the reorganized Debtors and the information required by 11 U.S.C. § 1129(a)(5) with respect to the reorganized Debtors
12. Rights Offering Procedures for the Senior Notes Rights Offering and GUC Rights Offering, respectively

Exhibit D

to the Restructuring Support Agreement

FORM OF RBL JOINDER

The undersigned ("Joining Party") hereby acknowledges that it has read and understands the Restructuring Support Agreement (the "Agreement"), dated as of February 1, 2017 as amended as of May [ ] 2017, entered into by and among Vanguard Natural Resources, LLC ("VNR"), certain other direct and indirect subsidiaries of VNR (collectively, the "Company") and certain holders of claims against the Company signatory thereto and, with respect to the claims set forth below, agrees to be bound to the terms and conditions thereof as a "Consenting RBL Lender" and shall be deemed a "Restructuring Support Party" under the terms of the Agreement.

Date Executed: _____, 2017

[Name]

By: _____
Name:
Title:

Principal Amount of Debt:

$ _____ of loans under the RBL Facility

$_____ of Second Lien Note Claims

$_____ of Senior Note Claims

Acknowledgements:

By: _____
Name:
Title:

[EXHIBIT ● TO RSA]

VANGUARD NATURAL RESOURCES, LLC
PLAN TERM SHEET

As Amended and Restated on May [ ], 2017

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN OF REORGANIZATION PURSUANT TO THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL BE MADE ONLY IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS AND PROVISIONS OF THE BANKRUPTCY CODE. THIS TERM SHEET IS BEING PROVIDED IN FURTHERANCE OF SETTLEMENT DISCUSSIONS AND IS ENTITLED TO PROTECTION PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY SIMILAR FEDERAL OR STATE RULE OF EVIDENCE. THE TRANSACTIONS DESCRIBED IN THIS TERM SHEET ARE SUBJECT IN ALL RESPECTS TO, AMONG OTHER THINGS, CONDUCT OF ACCEPTABLE DUE DILIGENCE, OBTAINING REQUIRED INTERNAL APPROVALS, EXECUTION AND DELIVERY OF DEFINITIVE DOCUMENTATION AND SATISFACTION OR WAIVER OF THE CONDITIONS PRECEDENT SET FORTH THEREIN AND AS SUCH THIS TERM SHEET IS NOT AN OFFER CAPABLE OF ACCEPTANCE.

NOTHING IN THIS TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, WITH A FULL RESERVATION OF ALL RIGHTS, REMEDIES, CLAIMS AND DEFENSES OF THE NOTEHOLDERS, THE RBL LENDERS, COMPANY, AND ANY CREDITOR PARTY. THIS TERM SHEET DOES NOT INCLUDE A DESCRIPTION OF ALL OF THE TERMS, CONDITIONS, AND OTHER PROVISIONS THAT ARE TO BE CONTAINED IN THE DEFINITIVE DOCUMENTS, WHICH REMAIN SUBJECT TO DISCUSSION, NEGOTIATION AND EXECUTION. THIS TERM SHEET AND THE TERMS CONTAINED HEREIN ARE CONFIDENTIAL.

SUMMARY OF PRINCIPAL TERMS OF POTENTIAL RESTRUCTURING TRANSACTION

This plan term sheet (the "**Plan Term Sheet**") sets forth certain key terms of a potential restructuring transaction (the "**Transaction**") with respect to the existing debt and other obligations of Vanguard Natural Resources, LLC ("**VNR**"), and its affiliated companies that are debtors under chapter 11 of the Bankruptcy Code (collectively with VNR, the "**VNR Parties**" or the "**Company**"). The Transaction will be effected pursuant to a chapter 11 plan of reorganization (the "**Plan**") in the Company's chapter 11 cases pending in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**"). To effectuate the Transaction, certain holders of Senior Note Claims (the "**Ad Hoc Senior Noteholders**"), certain holders of Second Lien Note Claims (the "**Ad Hoc 2L Noteholders**"), and certain RBL Lenders (the "**Consenting RBL Lenders**") under the RBL (as defined below) have executed a restructuring support agreement (as amended as of May [ ], 2017 and as may be further amended in accordance with its terms, the "**RSA**")[1] with the Company, to which this Plan Term Sheet is appended. The Plan will act as (and contain) a global settlement of all claims and causes of actions amongst the relevant parties.

The Transaction will be financed by (i) use of cash collateral; (ii) a fully committed $19.25 million equity investment (the "**2L Investment**") pursuant to the Equity Commitment Agreement by certain holders of Second Lien Note Claims (in their capacity as such, the "**2L Investors**"); (iii) a $255.75 million rights offering (the "**Senior Note Rights Offering**") that is fully backstopped by certain holders of Senior Note Claims (in their capacity as such, the "**Senior Note Backstop Parties**"), pursuant to the Backstop Commitment Agreement; (iv) the Revolving Facility (as defined below); (v) the Term Facility (as defined below); (vi) the purchase (at par) for cash of $31.25

[1] Capitalized terms used, but not otherwise defined herein, shall have the meanings ascribed to such terms in the RSA.

million in principal amount of the Term Facility by certain Senior Note Backstop Parties; and (vii) the Alternative Term Loan (as hereinafter defined).

Reference is made to the following documents and obligations:

(i) that certain third Amended and Restated Credit Agreement, dated as of September 30, 2011 (the "**RBL**" and all claims and obligations arising under or in connection with the RBL, "**RBL Claims**"), by and among Vanguard Natural Gas, LLC, the lenders from time to time party thereto (the "**RBL Lenders**") and Citibank N.A., as administrative agent (the "**RBL Agent**").

(ii) those certain 7.0% Senior Secured Second Lien Notes due 2023 (the "**Second Lien Notes**", and all claims and obligations arising under or in connection with the Second Lien Notes, the "**Second Lien Note Claims**") issued under the Indenture dated February 10, 2016, by and among VNR, VNR Finance Corp. and U.S. Bank National Association, as trustee.

(iii) those certain 7.875% Senior Notes due 2020 (the "**2020 Notes**", and all claims and obligations arising under or in connection with the 2020 Notes, the "**2020 Note Claims**") issued under the Indenture dated April 4, 2012, by and among VNR, VNR Finance Corp. and U.S. Bank National Association, as trustee.

(iv) those certain 8 3/8% Senior Notes due 2019 (the "**2019 Notes**" and together with the 2020 Notes, the "**Senior Notes**", and all claims and obligations arising under or in connection with the 2019 Notes, the "**2019 Note Claims**" and together with the 2020 Note Claims, the "**Senior Note Claims**") issued under the Indenture dated as of May 27, 2011, among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp. and U.S. Bank National Association, as trustee.

(v) those asserted claims or other related assertions of a property or similar interest in property of a Debtor's estate asserted by Encana Oil & Gas (USA) Inc. (the "**Encana Claims**").

TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The below summarizes the treatment to be received on or as soon as practicable after the Plan Effective Date (as defined below) by holders of claims against, and interests in, the Company pursuant to the Plan.

Administrative, Priority, and Tax Claims	Allowed administrative, priority, and tax claims will be satisfied in full, in cash, or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.
RBL Claims	RBL Claims shall be allowed in the aggregate principal amount of $1,248,945,000.00 plus (x) any accrued and unpaid interest (whether pre or post Petition Date) at the non-default rate provided in the RBL through and including the Effective Date (the "**Credit Agreement Interest**"), and (y) all unpaid pre and post Petition Date fees, expenses, and other charges (including professional fees and expenses) provided for in the RBL (the "**Credit Agreement Fees and Expenses**"). Each holder of an Allowed RBL Claim shall receive its *pro rata* share of: (a) cash in the amount of the Credit Agreement Interest plus (b) cash in the amount of its *pro rata* share of the net cash proceeds of the sale of certain oil and gas assets in Glasscock County, Texas (the "**Glasscock Sale Proceeds**"). In addition, each RBL Lender shall receive (at its election) treatment under either Option 1 or Option 2 below: Option 1: Each RBL Lender that elects on its ballot (or does not vote and/or fails to make any election on such ballot and is deemed to elect) Option 1 shall also receive its Option 1 Pro Rata Share of:

a. the Lender Paydown (as defined below);

b. the aggregate commitments under the Revolving Facility (as defined below); and

c. the RBL Lenders' share of the Term Facility A (as defined below); or

Option 2: Each RBL Lender that affirmatively elects on its ballot Option 2 shall also receive its Option 2 Pro Rata Share of the Alternative Term Loan (as defined below). In addition, all Credit Agreement Fees and Expenses shall be paid on the Plan Effective Date.

The Debtors' cash on hand on and after the Plan Effective Date shall be subject to, among other things, the anti-hoarding covenant in the Revolving Facility.

For purposes hereof, the following terms are defined as follows:

"**Option 1 Pro Rata Share**" means the proportion that the amount of an RBL Claim held by an RBL Lender that elects Option 1 bears to the aggregate amount of the RBL Claims held by all the RBL Lenders that elect Option 1.

"**Lender Paydown**" means $305,195,000 in cash: (a) minus the amount of any Glasscock Sale Proceeds paid to the holders of RBL Claims on account thereof on or prior to the Effective Date (such $305,195,000, as the same may be so reduced, the "**Net Cash Payment**"); and (b) minus (i) the aggregate amount of the Net Cash Payment the Option 2 RBL Lenders would have received had all such RBL Lenders elected Option 1 and (ii) the amount of $31,250,000 in cash actually received by the RBL Agent under the RBL for the purchase of $31,250,000 in principal amount of Term Facility A by certain Senior Note Backstop Parties on the Effective Date, which $31,250,000 shall be retained by the RBL Lenders that have elected Option 1.

"**Option 2 Pro Rata Share**" means the proportion that the amount of an RBL Claim held by an RBL Lender that elects Option 2 bears to the aggregate amount of the RBL Claims held by all the RBL Lenders that elect Option 2.

"**Revolving Facility**" means the Revolving Facility to be entered into on the Plan Effective Date by the RBL Lenders that have elected Option 1, having the terms set forth on Annex A to this Plan Term Sheet. It is understood that if all RBL Lenders elect Option 1, the Revolving Facility shall be in the aggregate committed amount of $850 million, which amount shall be deemed fully drawn as of the Plan Effective Date (prior to giving effect to any mandatory prepayments on account of the anti-hoarding covenant in the Revolving Facility), and if any RBL Lenders elect Option 2, such $850 million amount shall be reduced dollar for dollar by the commitment that would otherwise have been attributable to such Option 2 RBL Lenders had they elected Option 1.

"**Term Facility A**" means the Term Facility to be entered into on the Plan Effective Date by the RBL Lenders that have elected Option 1, having the terms set forth on Annex A to this Plan Term Sheet. It is understood that if all RBL Lenders elect Option 1, the principal amount of the Term Facility A shall be in the aggregate amount of $125 million, and if any RBL Lenders elect Option 2, such $125 million amount shall be reduced dollar for dollar by the amount of such $125 million that would otherwise have been attributable to Option 2 RBL Lenders had they elected Option 1. Contemporaneously with the issuance of the Term Facility

A, certain Consenting Senior Note Holders will, pursuant to the Backstop Commitment Agreement, purchase in cash, and the RBL Lenders that have elected Option 1 will sell, $31.25 million in principal amount of Term Facility A, at par, based on their Option 1 Pro Rata Share; provided, however, that such $31.25 million in principal amount of Term Facility A to be purchased shall not be subject to any reduction for the RBL Lenders, if any, that elect Option 2 or otherwise.

"**Alternative Term Loan**" shall mean the Alternative Term Loan to be received by the Option 2 RBL Lenders having the terms set forth on Annex B to this Plan Term Sheet or as set forth in the Plan Supplement. The Alternative Term Loan shall be in the aggregate principal amount of the sum of (a) the Lender Paydown, (b) the Revolving Facility commitment, and (c) the portion of the Term Facility A in each case the Option 2 RBL Lenders would have received under the Plan had they elected Option 1.

Second Lien Note Claims

Allowed Second Lien Notes Claims will receive new notes in the current principal amount (approximately $75,600,000) plus the amount of accrued but unpaid interest at the non-default rate through the Plan Effective Date, which new notes shall be substantially similar to the current Second Lien Notes but providing a 12 month later maturity and a 200 basis point increase to the interest rate.

Senior Note Claims

Each holder of an allowed Senior Note Claim shall receive (a) its *pro rata* share of 97% of the ownership interests in reorganized VNR Finance Corp. (the "**New Equity Interests**"), subject to dilution by the Senior Note Rights Offering, 2L Investment, the GUC Rights Offering, distributions from the GUC Equity Pool, the Backstop Fee, New Equity Interests issuable upon exercise of the new warrants by Preferred Equity and Common Equity (the "**Warrant Equity**"), the Management Incentive Plan, and New Equity Interests issued to Encana, as set forth herein (following dilution by the Senior Note Rights Offering, the 2L Investment, GUC Equity Pool (assuming that the GUC Equity Pool is fully utilized) and Backstop Fee (but prior to dilution by the GUC Rights Offering, Warrant Equity, the New Equity Interests issued to Encana, and the Management Incentive Plan) such interests will equal 3.4% of the New Equity Interests) and (b) the opportunity to participate in the Senior Note Rights Offering.

General Unsecured Claims

Allowed General Unsecured Claims other than Encana Claims may elect to either (i) participate in the general unsecured claim cash pool (the "**GUC Cash Pool**") or (ii) receive (x) their pro rata share of the general unsecured creditor equity pool (the "**GUC Equity Pool**") and (y) for certain holders of Allowed General Unsecured Claims (the "**GUC Eligible Holders**"), the opportunity to participate in a rights offering (the "**GUC Rights Offering**"). The GUC Cash Pool will consist of $3.75 million in cash, and holders of Allowed General Unsecured Claims that elect to participate in the GUC Cash Pool will receive cash equal to 12% of the amount of their Allowed General Unsecured Claim upon the Allowance of such Claim; *provided*, *however*, that if the GUC Cash Pool has been exhausted, Holders of Allowed General Unsecured Claims will no longer be able to elect to participate in the GUC Cash Pool, and all such Holders will receive their pro rata share of the GUC Equity Pool and, for such Holders that are also GUC Eligible Holders, the opportunity to participate in the GUC Rights Offering. The GUC Equity Pool will consist of a number of New Equity Interests (subject to dilution by (a) the Warrant Equity, (b) the Management Incentive Plan, (c) the GUC Rights Offering, and (d) New Equity Interests issued to Encana) equal to (x) 0.00000000628571% multiplied by (y) the total amount of Allowed General Unsecured Claims multiplied by (z) the number of New Equity Interests as of the Effective Date; *provided* that in no event shall the GUC Equity Pool exceed

	0.22% of the New Equity Interests as of the Effective Date.
Encana Claims	Encana Claims will not be allowed except as provided by a non-appealable order of the Bankruptcy Court ("**Allowed Encana Claims**"). Allowed Encana Claims shall receive, in full and final satisfaction, settlement, release, and discharge of and in exchange for the Encana Claims, (a) New Common Stock at the same rate as holders of General Unsecured Claims and (b) the opportunity to participate in the GUC Rights Offering.
Trade Claims	Trade claims of up to $3,000,000 may be unimpaired.
Intercompany Claims	Intercompany claims shall be reinstated, compromised, or cancelled, at the option of the relevant holder of such claims with the reasonable consent of the Required Consenting Senior Note Holders and the Required Consenting RBL Lenders.
Preferred Equity	If Plan is accepted by the classes of General Unsecured Claims and Preferred Equity and subject to all other restructuring terms being agreed to in a manner acceptable to the Company, the Required Consenting Senior Note Holders, and the Required Consenting RBL Lenders, holders of Preferred Equity will receive (unless such holder elects to waive such distribution) their pro rata share of (a) 3% of the New Equity Interests (subject to dilution by the Senior Notes Rights Offering, the 2L Investment, the GUC Rights Offering, distributions from the GUC Equity Pool, the Warrant Equity, the Management Incentive Plan, the Backstop Fee, and the New Equity Interests issued to Encana) and (b) 3-year warrants for 3% of the New Equity Interests (subject to dilution by the Management Incentive Plan) exercisable at a TEV to be calculated based on actual net debt[2], plus Allowed General Unsecured Claims (including rejection damage claims) and administrative expense claims, each as determined as of the Plan Effective Date without giving effect to the Senior Notes Rights Offering, the Senior Notes Backstop, the GUC Rights Offering, or the 2L Investment. If the Plan is not so accepted, holders of Preferred Equity will receive no distribution and the 3% of New Equity Interests and 3-year warrants will not be issued. In any case, their Preferred Equity interests will be cancelled.
Common Equity	If Plan is accepted by the classes of General Unsecured Claims, Preferred Equity, and Common Equity and subject to all other restructuring terms being agreed to in a manner acceptable to the Company, the Required Consenting Senior Note Holders, and the Required Consenting RBL Lenders, holders of Common Equity will receive (unless such holder elects to waive such distribution) their pro rata share of 3-year warrants for 3% of the New Equity Interests (subject to dilution by the Management Incentive Plan) exercisable at a TEV to be calculated based on actual net debt[3], plus Allowed General Unsecured Claims (including rejection damage claims), administrative expense claims, and the liquidation preference of the Preferred Equity, each as determined as of the Plan Effective Date without giving effect to the Senior Notes Rights Offering, the Senior Note Backstop, the GUC Rights Offering, or the 2L Investment. If the Plan is not so accepted, holders of Common Equity will receive no distribution and their share of 3-year warrants will not be issued. In any case, their Common Equity interests will be cancelled.

[2] See Exhibit A.

[3] See Exhibit A.

RIGHTS OFFERING

Senior Notes Rights Offering — The Plan will provide for a $255.75 million rights offering to purchase New Equity Interests (the "**Senior Note Rights Offering Shares**") at a 25% discount to plan value (based on a total enterprise value of $1.425 billion and consideration of net excess cash ($45 million) in calculation of such plan equity value) to holders of Senior Note Claims (of which $127.875 million shall be reserved for the Senior Note Backstop Parties and the remaining $127.875 million will be offered *pro rata* to all holders of Senior Note Claims subject to compliance with applicable securities laws). The Senior Note Rights Offering Shares equal 84.8% of the New Equity Interests, subject to dilution by the GUC Rights Offering, Warrant Equity and the Management Incentive Plan, and the New Equity Interests issued to Encana.

Senior Note Backstop — The Senior Note Backstop Parties have executed the Backstop Agreement whereby they have agreed to fully backstop the Senior Notes Rights Offering and purchase any unsubscribed Senior Note Rights Offering Shares in exchange for an aggregate backstop fee payable in fully-diluted New Equity Interests in an amount equal to 6% of the Senior Note Rights Offering Shares (the "**Backstop Fee**").

2L Investment — The Plan will provide for the 2L Investors to purchase (and the 2L Investors have committed to purchase) $19.25 million in New Equity Interests (the "**2L Investment Shares**") at a 25% discount to plan value (based on a total enterprise value of $1.425 billion and consideration of net excess cash ($45 million) in calculation of such plan equity value). There will be no additional fee payable to the 2L Investors in connection with this fully committed purchase. The 2L Investment Shares equal 6.4% of the New Equity Interests, subject to dilution by the Management Incentive Plan, the Warrant Equity, the GUC Rights Offering, and the New Equity Interests issued to Encana.

GUC Rights Offering — New Common Stock on on account of the GUC Rights Offering shall only be issued to Holders of Allowed Claims. Holders of Allowed General Unsecured Claims, Disputed General Unsecured Claims, Allowed Encana Claims, or Disputed Encana Claims (in each case that are otherwise eligible to participate in the GUC Rights Offering) that wish to participate in the GUC Rights Offering must subscribe and deposit their purchase price prior to the subscription deadline set forth in the GUC Rights Offering Procedures (which shall be prior to the Effective Date). No New Common Stock on account of the GUC Rights Offering (or New Common Stock from the GUC Equity Pool) shall be issued until such time as all Disputed General Unsecured Claims or Disputed Encana Claims, as applicable, have been resolved. If the Holder of a Disputed Claim subscribed for a greater number of GUC Rights Offering Shares than their Allowed Claim would entitle them to subscribe for, their subscription shall be deemed reduced and any excess deposit returned to them in accordance with the GUC Rights Offering Procedures. The GUC Rights Offering will not be backstopped, and the New Common Stock issued on account of the GUC Rights Offering shall be in addition to the Senior Notes Rights Offering Shares.

OTHER TERMS OF THE TRANSACTION

DIP — If applicable, any Final DIP Order shall be subject to the documentation principles set forth in paragraph 3 of the RSA but in any event not inconsistent with this Plan Term Sheet and the RSA.

Tax Issues — The Plan and the corporate form of reorganized VNR and reorganized VNR Finance Corp. shall be structured to achieve a tax efficient structure, in a manner

	acceptable to the Company, the Required Consenting Senior Note Holders, and the Required Consenting RBL Lenders.
Corporate Governance	The terms and conditions of the new corporate governance documents of the reorganized Company (including the bylaws and certificates of incorporation or similar documents, among other governance documents, and an equityholders agreement if desired by the Required Consenting Senior Note Holders) shall be subject to all applicable consent and approval rights in the RSA to the extent set forth therein.
Board of Directors	The initial directors of the New Board shall consist of 5 directors selected by the Required Consenting Senior Note Holders, and 2 members of current management selected by current management.
Management Incentive Plan	10% of the New Equity Interests will be reserved for a management incentive plan (the "**Management Incentive Plan**"), the form, terms, allocation, and vesting to be determined by the New Board.
Releases & Exculpation	The Plan and Confirmation Order will contain customary mutual releases and exculpation provisions, including releases from and for the benefit of the Ad Hoc Senior Noteholders, Indenture Trustees, the Ad Hoc 2L Noteholders, the Senior Note Backstop Parties, the RBL Lenders, the RBL Agent, and the 2L Investors.
Injunction & Discharge	The Plan and Confirmation Order will contain customary injunction and discharge provisions.
Cancellation of Instruments, Certificates, and Other Documents	On the Plan Effective Date, except to the extent otherwise provided herein or in the Plan, all instruments, certificates, and other documents evidencing debt of or equity interests in VNR and its subsidiaries shall be cancelled, and the obligations of VNR and its subsidiaries thereunder, or in any way related thereto, shall be discharged.
Registration Rights	To be determined by the Required Consenting Senior Note Holders.
SEC Reporting	To be determined by the Required Consenting Senior Note Holders.
Plan Effective Date	The effective date of the Plan, on which the Transaction shall be fully consummated in accordance with the terms and conditions of the Definitive Documents (the "**Plan Effective Date**").
Definitive Documents	All Definitive Documents (including the Plan, disclosure statement, confirmation order, and plan supplement documents) will be subject to the documentation principles set forth in paragraph 3 of the RSA.
Conditions to Plan Effectiveness	The Plan shall contain customary conditions precedent (which shall be satisfactory to the Company, the Required Consenting Senior Note Holders, and the Required Consenting RBL Lenders) to confirmation of the Plan and occurrence of the Plan Effective Date, some of which may be waived in writing by agreement of the Company, the Required Consenting Senior Note Holders, and the Required Consenting RBL Lenders. The conditions precedent to the Plan Effective Date shall include, among other things, that the Debtors have received net cash proceeds in an amount not less than $75 million from the sale of their assets and properties in Glasscock County, Texas.
Hedging	The Company shall use commercially reasonable efforts to implement a

	comprehensive hedging program during the bankruptcy and after emergence for no less than 80% of the Company's projected production from its proved, developed and producing reserves through calendar year 2018, not less than 60% of the Company's projected production from its proved, developed, and producing reserves through calendar year 2019 and not less than 40% of the Company's projected production from its proved, developed, and producing reserves through calendar year 2020, in each case, with certain RBL Lenders (or affiliates of RBL Lenders) willing to provide the same (the "**Participating RBL Lenders**"). The Company will file a motion (the "**Hedge Motion**") seeking approval of an order (the "Hedge Order" approving entry into the hedge program and approving an agreed form master agreement (the "**ISDA**") governing the terms of such hedging swaps. The terms of the hedging program, the Hedge Motion, ISDA, and the Hedge Order shall be in form and substance reasonably satisfactory to, in the case of hedging programs provided by Participating RBL Lenders, the Participating RBL Lenders and, in the case of hedging programs provided by third parties, such third parties and otherwise subject to the documentation principles set forth in paragraph 3 of the RSA.
Milestones	As set forth in the RSA.
Fees and Expenses	All reasonable fees and expenses of the Senior Notes indenture trustees, Ad Hoc Senior Noteholders, and Senior Note Backstop Parties (including their respective counsel and financial advisors) to be paid in full as provided in the Backstop Agreement. All reasonable fees and expenses of one counsel and one financial advisor to the Ad Hoc 2L Noteholders and the 2L Investors (collectively) to be paid in full whether incurred before or after execution of the RSA, provided that payment (but not accrual) of the advisors to the Ad Hoc 2L Noteholders and the 2L Investors prior to the effective date of the Plan will be subject to Bankruptcy Court approval. The fees and expenses of the RBL Agent and holders of RBL Claims shall be paid as provided for in the Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507, Bankruptcy Rules 2002, 4001, and 9014, and Local Bankruptcy Rules 2002-1, 4001-1(b), 4002-1(i), and 9013-1 (I) Authorizing the Debtors to (A) Obtain Postpetition Senior Secured Superpriority Financing and (B) Use Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief [Docket No. 63] entered by the Bankruptcy Court on February 2, 2017 (the "**Interim DIP Order**"), regardless of whether such order remains in effect.
Governing Law	Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code) or unless otherwise specifically stated, the laws of the State of New York, without giving effect to the principles of conflict of laws that would require or permit the application of the law of another jurisdiction, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); provided, however, that corporate governance matters relating to the Company or the reorganized Company, as applicable, shall be governed by the laws of the state of incorporation or formation of the relevant Company or reorganized Company, as applicable.

Exhibit C-1

1145 Rights Offering Procedures, 1145 Beneficial Holder Subscription Form, and Master 1145 Subscription Form

VANGUARD NATURAL RESOURCES, LLC (THE "COMPANY"), ON BEHALF OF AN ENTITY TO BE FORMED LATER

1145 RIGHTS OFFERING PROCEDURES

The 1145 Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act")[1], in reliance upon the exemption provided in Section 1145 of the Bankruptcy Code. None of the rights being offered in the 1145 Rights Offering (the "Rights") or the 1145 Rights Offering Equity issuable upon exercise of such rights distributed pursuant to these offering procedures (the "1145 Rights Offering Procedures") have been or will be registered under the Securities Act, nor any state or local law requiring registration for offer and sale of a security.

The record ownership of the Rights is not transferable.

The Disclosure Statement (as defined below) has previously been distributed in connection with the Debtors' solicitation of votes to accept or reject the Plan (as defined below) and that document sets forth important information, including risk factors, that should be carefully read and considered by each 1145 Eligible Holder (as defined below) prior to making a decision to participate in the 1145 Rights Offering. Additional copies of the Disclosure Statement are available upon request from [ ] or another subscription agent appointed by the Company and satisfactory to the Requisite Commitment Parties (the "Rights Offering Subscription Agent").

The 1145 Rights Offering is being conducted by the Company on behalf of Reorganized VNR in good faith and in compliance with the Bankruptcy Code. In accordance with Section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participate, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security offered or sold under the plan of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale or purchase of securities.

[1] **Terms used and not defined herein shall have the meaning assigned to them in the *Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time, the "Plan").**

1145 Eligible Holders should note the following times relating to the 1145 Rights Offering:

Date	Calendar Date	Event
Record Date…….	[•], 2017[2]	The date and time fixed by the Company for the determination of the holders eligible to participate in the 1145 Rights Offering.
Subscription Commencement Date ..	[•], 2017	Commencement of the 1145 Rights Offering.
Subscription Expiration Deadline …	4:00 p.m. Central Time on [•], 2017	The deadline for 1145 Eligible Holders to subscribe for 1145 Rights Offering Equity. An 1145 Eligible Holder's applicable 1145 Beneficial Holder Subscription Form(s) (as defined below) must be received by the 1145 Eligible Holder's Nominee (as defined below) in sufficient time to allow such Nominee to deliver the Master 1145 Subscription Form (as defined below) to the Rights Offering Subscription Agent by the Subscription Expiration Deadline. 1145 Eligible Holders who are not Backstop Parties must deliver the aggregate Purchase Price (as defined below) by the Subscription Expiration Deadline. 1145 Eligible Holders who are Backstop Parties must deliver the aggregate

[2] Notice of Record Date to be given at least four days prior to Record Date.

	Purchase Price no later than the deadline specified in the Funding Notice (as defined below) in accordance with the terms of the Backstop Agreement.

To 1145 Eligible Holders and Nominees of 1145 Eligible Holders:

On [_], 2017, the Debtors filed the Plan with the United States Bankruptcy Court for the Southern District of Texas and the *Disclosure Statement Relating to the Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended from time to time in accordance with its terms, the "Disclosure Statement"). Pursuant to the Plan, each holder of an Allowed Senior Notes Claim as of the Record Date (as defined in the 1145 Beneficial Holder Subscription Form) (each such holder, an "1145 Eligible Holder") has a right to participate in the 1145 Rights Offering, in accordance with the terms and conditions of these 1145 Rights Offering Procedures.

Pursuant to the Plan, in the 1145 Rights Offering, each 1145 Eligible Holder will receive rights to subscribe for its *pro rata* portion of a rights offering of 1145 Rights Offering Equity in an aggregate amount of $[_] provided that it timely and properly executes and delivers the attached 1145 Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) (the "1145 Beneficial Holder Subscription Form") to the Rights Offering Subscription Agent or its Nominee, as applicable, in advance of the Subscription Expiration Deadline. Included with the 1145 Beneficial Holder Subscription Form, each such Nominee will receive a Master 1145 Subscription Form (a "Master 1145 Subscription Form") which it shall use to summarize the Rights exercised by each 1145 Eligible Holder that timely returns the applicable properly filled out 1145 Beneficial Holder Subscription Form(s) to such Nominee. 1145 Beneficial Holder Subscription Forms should only be returned directly to the Rights Offering Subscription Agent if the 1145 Eligible Holder is the direct holder of record on the books of the applicable indenture trustee and does not hold its Allowed Senior Notes Claim through a Nominee.

Please note that all 1145 Beneficial Holder Subscription Forms must be returned to the applicable Nominee in sufficient time to allow such Nominee to process and deliver the Master 1145 Subscription Form and copies of all 1145 Beneficial Holder Subscription Forms, and the accompanying IRS Forms prior to the Subscription Expiration Deadline. To the extent of any discrepancy between the Master 1145 Subscription Form and the 1145 Beneficial Holder Subscription Form(s) regarding the 1145 Eligible Holder's principal amount, the Master 1145 Subscription Form shall govern. While the amount of time necessary for a Nominee to process and deliver the Master 1145 Subscription Form to the Rights Offering Subscription Agent will vary from Nominee to Nominee, 1145 Eligible Holders are urged to consult with their Nominees to determine the necessary deadline to return their 1145 Beneficial Holder Subscription Forms. Failure to submit such 1145 Beneficial Holder Subscription Forms on a timely basis will result in forfeiture of an 1145 Eligible Holder's rights to participate in the 1145 Rights Offering. None of the Company, the Rights Offering Subscription Agent or any of the Backstop Parties will have any liability for any such failure.

No 1145 Eligible Holder shall be entitled to participate in the 1145 Rights Offering unless the aggregate Purchase Price (as defined below) for the 1145 Rights Offering Equity it subscribes for is received by the Rights Offering Subscription Agent (i) in the case of an 1145 Eligible Holder that is not a Backstop Party, by the Subscription Expiration Deadline, and (ii)

in the case of an 1145 Eligible Holder that is a Backstop Party, no later than the deadline specified in a written notice (a "Funding Notice") delivered by or on behalf of the Debtors to the Backstop Parties in accordance with Section 2.4 of the Backstop Agreement (the "Backstop Funding Deadline"), provided that the Backstop Parties may deposit their aggregate Purchase Price in the Escrow Account (as defined below), in accordance with the terms of the Backstop Agreement. No interest is payable on any advanced funding of the Purchase Price. If the 1145 Rights Offering is terminated for any reason, the aggregate Purchase Price previously received by the Rights Offering Subscription Agent will be returned to 1145 Eligible Holders as provided in Section 6 hereof. No interest will be paid on any returned Purchase Price. Any 1145 Eligible Holder who is not a Backstop Party submitting payment via its Nominee must coordinate such payment with its Nominee in sufficient time to allow the Nominee to forward such payment to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

In order to participate in the 1145 Rights Offering, an 1145 Eligible Holder must complete all of the steps outlined below. If all of the steps outlined below are not completed by the Subscription Expiration Deadline or the Backstop Funding Deadline, as applicable, an 1145 Eligible Holder shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the 1145 Rights Offering.

1. 1145 Rights Offering

1145 Eligible Holders have the right, but not the obligation, to participate in the 1145 Rights Offering.

1145 Eligible Holders shall receive rights to subscribe for their *pro rata* portion of the 1145 Rights Offering Equity.

Subject to the terms and conditions set forth in the Plan and these 1145 Rights Offering Procedures, each 1145 Eligible Holder is entitled to subscribe for up to:

- [•] 1145 Rights Offering Equity per $1,000 of principal amount of the 8 3/8% Senior Notes due 2019; and
- [•] 1145 Rights Offering Equity per $1,000 of principal amount of the 7.875% Senior Notes due 2020;

in each case at a purchase price of $[•] per share (the "Purchase Price"). **The difference in the number of 1145 Rights Offering Equity that an 1145 Eligible Holder is entitled to subscribe for with respect to each series of Senior Notes is to take into account the differing amounts of pre-petition accrued and unpaid interest thereon.**

There will be no over-subscription privilege in the 1145 Rights Offering. Any 1145 Rights Offering Equity that are unsubscribed by the 1145 Eligible Holders entitled thereto will not be offered to other 1145 Eligible Holders but will be purchased by the applicable Backstop Parties in accordance with the Backstop Agreement. Subject to the terms and conditions of the Backstop Agreement, each Backstop Party is obligated to

purchase its *pro rata* portion of the applicable 1145 Rights Offering Equity.

Any 1145 Eligible Holder that subscribes for 1145 Rights Offering Equity and is deemed to be an "underwriter" under 1145(b) of the Bankruptcy Code will be subject to restrictions under the Securities Act on its ability to resell those securities. Resale restrictions are discussed in more detail in Article XII of the Disclosure Statement, entitled "Certain Securities Law Matters."

SUBJECT TO THE TERMS AND CONDITIONS OF THE 1145 RIGHTS OFFERING PROCEDURES AND THE BACKSTOP AGREEMENT IN THE CASE OF ANY BACKSTOP PARTY, ALL SUBSCRIPTIONS SET FORTH IN THE APPLICABLE 1145 BENEFICIAL HOLDER SUBSCRIPTION FORM(S) ARE IRREVOCABLE.

2. Subscription Period

The 1145 Rights Offering will commence on the Subscription Commencement Date and will expire at the Subscription Expiration Deadline. Each 1145 Eligible Holder intending to purchase 1145 Rights Offering Equity in any 1145 Rights Offering must affirmatively elect to exercise its Rights in the manner set forth in the applicable 1145 Beneficial Holder Subscription Form by the Subscription Expiration Deadline.

Any exercise of Rights by an 1145 Eligible Holder after the Subscription Expiration Deadline will not be allowed and any purported exercise received by the Rights Offering Subscription Agent after the Subscription Expiration Deadline, regardless of when the documents or payment relating to such exercise were sent, will not be honored, except that the Company shall have the discretion, with the consent of the Senior Commitment Parties holding at least two-thirds of the aggregate Backstop Commitments (as identified in Schedule 1 to the Backstop Agreement) as of the date on which such consent is solicited (the "Requisite Commitment Parties"), to allow any exercise of Rights after the Subscription Expiration Deadline.

The Subscription Expiration Deadline may be extended with the consent of the Requisite Commitment Parties, or as required by law.

3. Delivery of Subscription Documents

Each 1145 Eligible Holder may exercise all or any portion of such 1145 Eligible Holder's Rights, but subject to the terms and conditions contained herein. In order to facilitate the exercise of the Rights, beginning on the Subscription Commencement Date, the applicable 1145 Beneficial Holder Subscription Form and these 1145 Rights Offering Procedures will be sent to each 1145 Eligible Holder, together with appropriate instructions for the proper completion, due execution and timely delivery of the executed 1145 Beneficial Holder Subscription Form and the payment of the applicable aggregate Purchase Price for its 1145 Rights Offering Equity.

4. Exercise of Rights

(a) In order to validly exercise its Rights, each 1145 Eligible Holder that is not a Backstop Party must:

i. return duly completed and executed applicable 1145 Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable, so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

ii. at the same time it returns its 1145 Beneficial Holder Subscription Form(s) to its Nominee, but in no event later than the Subscription Expiration Deadline, pay, or arrange for the payment by its Nominee of, the applicable Purchase Price to the Rights Offering Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the applicable 1145 Beneficial Holder Subscription Form(s).

(b) In order to validly exercise its Rights, each 1145 Eligible Holder that is a Backstop Party must:

i. return duly completed and executed applicable 1145 Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

ii. no later than the Backstop Funding Deadline, pay the applicable Purchase Price to the Rights Offering Subscription Agent or to the escrow account established and maintained by a third party satisfactory to the Backstop Parties and the Company (the "Escrow Account") by wire transfer **ONLY** of immediately available funds in accordance with the wire instructions included in the Funding Notice.

ALL BACKSTOP PARTIES MUST PAY THEIR APPLICABLE PURCHASE PRICE DIRECTLY TO THE SUBSCRIPTION AGENT OR TO THE ESCROW ACCOUNT, AS APPLICABLE, AND SHOULD NOT PAY THEIR NOMINEE(S).

(c) With respect to 4(a) and (b) above, each 1145 Eligible Holder must duly complete, execute and return the applicable 1145 Beneficial Holder Subscription Form(s) in accordance with the instructions herein to its Nominee in sufficient time to allow its Nominee to process its instructions and deliver to the Rights Offering Subscription Agent the Master 1145 Subscription Form, its completed 1145 Beneficial Holder Subscription Form(s), and, solely with respect to the 1145 Eligible Holders that are not Backstop Parties, payment of the applicable Purchase Price, payable for the 1145 Rights Offering Equity elected to be purchased by such 1145 Eligible Holder, by the Subscription Expiration Deadline. 1145

Eligible Holders that are Backstop Parties must deliver their payment of the applicable Purchase Price payable for the 1145 Rights Offering Equity elected to be purchased by such Backstop Party directly to the Rights Offering Subscription Agent or to the Escrow Account, as applicable, no later than the Backstop Funding Deadline.

(d) In the event that the funds received by the Rights Offering Subscription Agent or the Escrow Account, as applicable, from any 1145 Eligible Holder do not correspond to the Purchase Price payable for the 1145 Rights Offering Equity elected to be purchased by such 1145 Eligible Holder, the number of the 1145 Rights Offering Equity deemed to be purchased by such 1145 Eligible Holder will be the lesser of (a) the number of the 1145 Rights Offering Equity elected to be purchased by such 1145 Eligible Holder and (b) a number of the 1145 Rights Offering Equity determined by dividing the amount of the funds received by the Purchase Price, in each case up to such 1145 Eligible Holder's *pro rata* portion of 1145 Rights Offering Equity.

(e) The cash paid to the Rights Offering Subscription Agent in accordance with these 1145 Rights Offering Procedures will be deposited and held by the Rights Offering Subscription Agent in a segregated account until released to the Debtors in connection with the settlement of the 1145 Rights Offering on the Effective Date. The Rights Offering Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Rights Offering Subscription Agent hereunder shall not be deemed part of the Debtors' bankruptcy estates.

5. Transfer Restriction; Revocation

The record ownership in the Rights is not transferable. If any Rights are transferred by an 1145 Eligible Holder in contravention of the foregoing, the Rights will be cancelled, and neither such 1145 Eligible Holder nor the purported transferee will receive any 1145 Rights Offering Equity otherwise purchasable on account of such transferred 1145 Rights. Any Senior Notes traded after the Record Date will not be traded with the Rights attached.

Once an 1145 Eligible Holder has properly exercised its Rights, subject to the terms and conditions contained in these 1145 Rights Offering Procedures and the Backstop Agreement in the case of any Backstop Party, such exercise will be irrevocable.

6. Termination/Return of Payment

Unless the Effective Date has occurred, the 1145 Rights Offering will be deemed automatically terminated without any action of any party upon the earlier of (i) termination of the Plan or rejection of the Plan by all classes entitled to vote, (ii) termination of the RSA in accordance with its terms, (iii) termination of the Backstop Agreement in accordance with its terms and (iv) the Outside Date (as defined in the Backstop Agreement) (as such date may be

extended pursuant to the terms of the Backstop Agreement). In the event the 1145 Rights Offering is terminated, any payments received pursuant to these 1145 Rights Offering Procedures will be returned, without interest, to the applicable 1145 Eligible Holder as soon as reasonably practicable, but in any event, within six (6) Business Days after the date of termination.

7. Settlement of the 1145 Rights Offering and Distribution of the 1145 Rights Offering Equity

The settlement of the 1145 Rights Offering is conditioned on confirmation of the Plan by the Bankruptcy Court, compliance by the Debtors with these 1145 Rights Offering Procedures, and the simultaneous occurrence of the Effective Date. The Debtors intend that the 1145 Rights Offering Equity will be issued to the 1145 Eligible Holders and/or to any party that an 1145 Eligible Holder so designates in the 1145 Beneficial Holder Subscription Form(s), in book-entry form, and that DTC, or its nominee, will be the holder of record of such 1145 Rights Offering Equity. To the extent DTC is unwilling or unable to make the 1145 Rights Offering Equity eligible on the DTC system, the 1145 Rights Offering Equity will be issued directly to the 1145 Eligible Holder or its designee.

8. Fractional Shares

No fractional rights or 1145 Rights Offering Equity will be issued in the 1145 Rights Offering. All share allocations (including each 1145 Eligible Holder's 1145 Rights Offering Equity) will be calculated and rounded to the nearest whole share.

9. Validity of Exercise of Rights

All questions concerning the timeliness, viability, form and eligibility of any exercise of Rights will be determined in good faith by the Debtors in consultation with the Requisite Commitment Parties, and, if necessary, subject to a final and binding determination by the Bankruptcy Court. The Debtor, with the consent of the Requisite Commitment Parties, may waive or reject any defect or irregularity in, or permit such defect or irregularity to be corrected within such time as they may determine in good faith, the purported exercise of any Rights. Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Debtors determine in good faith in consultation with the Requisite Commitment Parties.

Before exercising any Rights, 1145 Eligible Holders should read the Disclosure Statement and the Plan for information relating to the Debtors and the risk factors to be considered.

All calculations, including, to the extent applicable, the calculation of (i) the value of any 1145 Eligible Holder's Allowed Senior Notes Claims for the purposes of the 1145 Rights Offering and (ii) any 1145 Eligible Holder's 1145 Rights Offering Equity, shall be made in good faith by the Company with the consent of the Requisite Commitment Parties and in each case in accordance with any Claim amounts included in the Plan, and any disputes regarding such

calculations shall be subject to a final and binding determination by the Bankruptcy Court.

10. Modification of Procedures

With the prior written consent of the Requisite Commitment Parties, the Debtors reserve the right to modify these 1145 Rights Offering Procedures, or adopt additional procedures consistent with these 1145 Rights Offering Procedures to effectuate the 1145 Rights Offering and to issue the 1145 Rights Offering Equity, provided, however, that the Debtors shall provide prompt written notice to each 1145 Eligible Holder of any material modification to these 1145 Rights Offering Procedures made after the Subscription Commencement Date. In so doing, and subject to the consent of the Requisite Commitment Parties, the Debtors may execute and enter into agreements and take further action that the Debtors determine in good faith is necessary and appropriate to effectuate and implement the 1145 Rights Offering and the issuance of the 1145 Rights Offering Equity.

The Debtors shall undertake reasonable procedures to confirm that each participant in the 1145 Rights Offering is in fact an 1145 Eligible Holder.

11. Inquiries And Transmittal of Documents; Rights Offering Subscription Agent

The 1145 Rights Offering Instructions for 1145 Eligible Holders attached hereto should be carefully read and strictly followed by the 1145 Eligible Holders.

Questions relating to the 1145 Rights Offering should be directed to the Rights Offering Subscription Agent via email to [•]@[•].com (please reference "[•]" in the subject line) or at the following phone number: [•].[3]

The risk of non-delivery of all documents and payments to the Rights Offering Subscription Agent, the Escrow Account and any Nominee is on the 1145 Eligible Holder electing to exercise its Rights and not the Debtors, the Rights Offering Subscription Agent, or the Backstop Parties.

[3] PH to provide contact info.

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED LATER

1145 RIGHTS OFFERING INSTRUCTIONS FOR 1145 ELIGIBLE HOLDERS

Terms used and not defined herein shall have the meaning assigned to them in the Plan.

To elect to participate in the 1145 Rights Offering, you must follow the instructions set out below:

1. **Insert** the principal amount of the Allowed Senior Notes Claims that you held as of the Record Date in Item 1 of your applicable 1145 Beneficial Holder Subscription Form(s) (if you do not know such amount, please contact your Nominee immediately).

2. **Complete** the calculation in Item 2a of your applicable 1145 Beneficial Holder Subscription Form(s), which calculates the maximum number of 1145 Rights Offering Equity available for you to purchase. Such amount must be rounded down to the nearest whole share.

3. **Complete** the calculation in Item 2b of your applicable 1145 Beneficial Holder Subscription Form(s) to indicate the number of 1145 Rights Offering Equity that you elect to purchase and calculate the aggregate Purchase Price for the 1145 Rights Offering Equity that you elect to purchase.

4. **Confirm** whether you are a Backstop Party pursuant to the representation in Item 3 of your applicable 1145 Beneficial Holder Subscription Form(s). (*This section is only for Backstop Parties, each of whom is aware of their status as a Backstop Party*).

5. **Read, complete and sign** the certification in Item 5 of your applicable 1145 Beneficial Holder Subscription Form(s). Such execution shall indicate your acceptance and approval of the terms and conditions set forth in these 1145 Rights Offering Procedures.

6. **Read, complete and sign** an IRS Form W-9 if you are a U.S. person. If you are a non-U.S. person, read, complete and sign an appropriate IRS Form W-8. These forms may be obtained from the IRS at its website: www.irs.gov.

7. **Return** your applicable signed 1145 Beneficial Holder Subscription Form(s) to your Nominee in sufficient time to allow your Nominee to process your instructions and prepare and deliver the Master 1145 Subscription Form to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

8. **Arrange for full payment** of the aggregate Purchase Price by wire transfer of immediately available funds, calculated in accordance with Item 2b of your applicable 1145 Beneficial Holder Subscription Form(s). For 1145 Eligible Holders that are not Backstop Parties, please instruct your Nominee to coordinate payment of the Purchase Price and transmit and deliver such payment to the Rights Offering Subscription Agent

by the Subscription Expiration Deadline. An 1145 Eligible Holder that is not a Backstop Party should follow the payment instructions as provided in the Master 1145 Subscription Form. Any Backstop Party should follow the payment instructions that will be provided in the Funding Notice, except to the extent of any aggregate Purchase Price previously paid by such 1145 Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement.

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that the 1145 Beneficial Holder Subscription Form(s) must be received by your broker, bank, commercial bank, transfer agent, trust company, dealer, or other agent or nominee (as applicable, the "Nominee") in sufficient time to allow such Nominee to process and deliver the Master 1145 Subscription Form to the Rights Offering Subscription Agent, by the Subscription Expiration Deadline, along with the appropriate funding (with respect to 1145 Eligible Holders that are not Backstop Parties) or the subscription represented by your applicable 1145 Beneficial Holder Subscription Form(s) will not be counted and you will be deemed forever to have relinquished and waived your right to participate in the 1145 Rights Offering.

1145 Eligible Holders that are Backstop Parties must deliver the appropriate funding directly to the Rights Offering Subscription Agent or to the Escrow Account, as applicable, pursuant to the Funding Notice (except to the extent of any funding previously provided by any such 1145 Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement) no later than the Backstop Funding Deadline.

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

1145 BENEFICIAL HOLDER SUBSCRIPTION FORM
FOR 1145 RIGHTS OFFERING

FOR USE BY 1145 ELIGIBLE HOLDERS OF
8 3/8% SENIOR NOTES DUE 2019

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [•], 2017

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that your 1145 Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) must be received by your Nominee in sufficient time to allow such Nominee to deliver the Master 1145 Subscription Form, attached hereto, along with completing wire transfer of the Purchase Price with respect to 1145 Eligible Holders that are not Backstop Parties to the Rights Offering Subscription Agent by the Subscription Expiration Deadline or the subscription represented by your 1145 Beneficial Holder Subscription Form will not be counted and will be deemed forever relinquished and waived.

1145 Eligible Holders that are Backstop Parties must deliver the appropriate funding directly to the Rights Offering Subscription Agent or the Escrow Account, as applicable (except to the extent of any funding previously provided by any such 1145 Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement), no later than the deadline specified in the Funding Notice (the "Backstop Funding Deadline").

The 1145 Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption provided in Section 1145(a) of the Bankruptcy Code.

You must complete Exhibit A, if, pursuant to Section 5 of the 1145 Rights Offering Procedures, you are designating any other person to receive all or a portion of the 1145 Rights Offering Equity. Such transferee must also complete an IRS Form W-8 or IRS form W-9, as applicable. In such case, you must complete Exhibit A and deliver it to the Rights Offering Subscription Agent.

None of the 1145 Rights Offering Equity has been registered under the Securities Act, nor any State or local law requiring registration for offer or sale of a security.

Please consult the Plan, the Disclosure Statement and the 1145 Rights Offering Procedures

(including the 1145 Rights Offering Instructions attached thereto) for additional information with respect to this 1145 Beneficial Holder Subscription Form. Any terms capitalized but not defined herein shall have the meaning as set forth in the Plan or the 1145 Rights Offering Procedures.

If you have any questions, please contact the Rights Offering Subscription Agent via email to [_] (please reference "[_]" in the subject line), or at the following phone number: [_].

The record date for the 1145 Rights Offering is [•], 2017 (the "Record Date").

Item 1. Amount of Notes.

I certify that I am a beneficial holder of 8 3/8% Senior Notes due 2019 (the "Notes"), which pursuant to that Fourth Supplemental Indenture, dated October 8, 2015**,** where following a merger and restructuring, Vanguard Operating, LLC, a wholly owned subsidiary of Vanguard Natural Resources, LLC, became the sole issuer and primary obligor of the Notes, in the following principal amount as of the Record Date (insert amount on the lines below) or that I am the authorized signatory of that beneficial holder. For purposes of this 1145 Beneficial Holder Subscription Form, do not adjust the principal (face) amount for any accrued or unmatured interest. Accrued prepetition interest is accounted for in the multiplier set forth in Item 2a below. (If a Nominee holds your Notes on your behalf and you do not know the principal amount, please contact your Nominee immediately.)

Insert principal amount of 8 3/8% Senior Notes due 2019 held as of the Record Date.

_____

Item 2. Rights.

2a. Calculation of Maximum Number of 1145 Rights Offering Equity. The maximum number of 1145 Rights Offering Equity for which you may subscribe is calculated as follows:

_____ (Insert principal amount from Item 1 above)	X	[•]	=	_____ (Maximum number of 1145 Rights Offering Equity) (Round down to nearest whole number)

Each 1145 Eligible Holder is entitled to subscribe for [•] 1145 Rights Offering Equity per $1,000 of principal amount of the Notes (the "Maximum 1145 Participation Amount"), subject to the individual limits included in the calculations in the table above. To subscribe, fill out Items 1, 2a, 2b and 3, read Item 4 and read and complete Item 5 below.

2b. Purchase Price. By filling in the following blanks, you are indicating that the undersigned 1145 Eligible Holder is interested in purchasing the number of 1145 Rights Offering Equity specified below (specify a number of 1145 Rights Offering Equity, which is not greater than the Maximum 1145 Participation Amount calculated in Item 2a above), on the terms and subject to the conditions set forth in the 1145 Rights Offering Procedures.

_____ (Indicate number of 1145 Rights Offering Equity you elect to purchase) (Cannot exceed the Maximum 1145 Participation Amount)	X	$[•]	=	$_____ Aggregate Purchase Price

Item 3. Backstop Party Representation.
(*This section is **only** for Backstop Parties, each of whom is aware of its status as a Backstop Party. Please note that checking the box below if you are not a Backstop Party may result in forfeiture of your rights to participate in the 1145 Rights Offering*).

☐ I am a Backstop Party identified in the Backstop Agreement dated as of [•], 2017 among Vanguard Natural Resources, LLC and the Backstop Parties signatory thereto (the "Backstop Agreement").

Item 4. Payment and Delivery Instructions

For 1145 Eligible Holders that did not check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds in accordance with the procedures of your Nominee. If your Nominee instructs you to make payment directly to the Rights Offering Subscription Agent, you may do so via the wire instructions below.

For 1145 Eligible Holders that are Backstop Parties and did check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds directly to an escrow account established and maintained by a third party satisfactory to the Backstop Parties that have requested such escrow account or to a segregated account maintained by the Rights Offering Subscription Agent, in each case in accordance with the Funding Notice that will be delivered to you pursuant to the Backstop Agreement (except to the extent of any funding previously provided by any such 1145 Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement). All cash payments with respect to the exercise of the Rights that are being transmitted to the Rights Offering Subscription Agent shall be made by wire transfer of immediately available funds in accordance with the wire instructions below.

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE PURCHASE PRICE OF A BACKSTOP PARTY WHO CHECKED THE BOX IN ITEM 3 AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please mail or deliver your completed 1145 Beneficial Holder Subscription Form (with

accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to your Nominee **in sufficient time** to allow such Nominee to deliver the Master 1145 Subscription Form (and associated documentation) and all funds (solely with respect to 1145 Eligible Holders that are not Backstop Parties) to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

PLEASE NOTE: NO SUBSCRIPTION WILL BE VALID UNLESS THIS 1145 BENEFICIAL HOLDER SUBSCRIPTION FORM IS VALIDLY SUBMITTED TO YOUR NOMINEE IN SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO DELIVER THE MASTER 1145 SUBSCRIPTION FORM ALONG WITH THE PURCHASE PRICE (SOLELY WITH RESPECT TO 1145 ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) TO THE RIGHTS OFFERING SUBSCRIPTION AGENT BY THE SUBSCRIPTION EXPIRATION DEADLINE.

1145 ELIGIBLE HOLDERS THAT ARE BACKSTOP PARTIES MUST DELIVER THE APPROPRIATE FUNDING DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT, AS APPLICABLE, NO LATER THAN THE BACKSTOP FUNDING DEADLINE (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH 1145 ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 5. Certification.

The undersigned hereby certifies that (i) as of the Record Date, the undersigned was the beneficial holder of the Notes set forth in Item 1 above (the "Holder"), or the authorized signatory (the "Authorized Signatory") of such holder acting on behalf of the Holder, (ii) the Holder has received a copy of the Plan, the Disclosure Statement and the 1145 Rights Offering Procedures (including the 1145 Rights Offering Instructions attached thereto) and (iii) the Holder understands that the exercise of the rights under the 1145 Rights Offerings is subject to all the terms and conditions set forth in the Plan, the 1145 Rights Offering Procedures and, if applicable, the Backstop Agreement.

By electing to subscribe for the amount of 1145 Rights Offering Equity designated under Item 2b above, the Holder (or the Authorized Signatory on behalf of the Holder) is hereby instructing its Nominee to arrange for (i) the completion and delivery of its Master 1145 Subscription Form to the Rights Offering Subscription Agent before the Subscription Expiration Deadline and (ii) payment of the Purchase Price listed under Item 2b above by the Subscription Expiration Deadline (solely with respect to 1145 Eligible Holders that are not Backstop Parties).

The Holder (or the Authorized Signatory on behalf of such Holder) acknowledges that, by executing this 1145 Beneficial Holder Subscription Form, the 1145 Eligible Holder named below has elected to subscribe for the number of 1145 Rights Offering Equity

designated under Item 2b above and will be bound to pay the Purchase Price listed under Item 2b above for the 1145 Rights Offering Equity it has subscribed for and that it may be liable to the Debtors to the extent of any nonpayment.

Date: _____

Name of 1145 Eligible Holder: _____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

Number of 1145 Rights Offering Equity: _____

Signature: _____

Name of Signatory: _____

Title: _____

Telephone Number: _____

Fax: _____

Email: _____

PLEASE COMPLETE THE <u>THREE SECTIONS BELOW</u> IF 1145 RIGHTS OFFERING EQUITY IS TO BE ISSUED TO THE 1145 ELIGIBLE HOLDER, AND/OR PLEASE COMPLETE <u>EXHIBIT A</u> IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE 1145 RIGHTS OFFERING EQUITY.

A. Please indicate on the lines provided below the registration name of the 1145 Eligible Holder in whose name the 1145 Rights Offering Equity should be issued, in the event the 1145 Rights Offering Equity are not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

B. DTC Participant for the deposit of 1145 Rights Offering Equity, in the event the 1145 Rights Offering Equity are DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

PLEASE RETURN THIS 1145 BENEFICIAL HOLDER SUBSCRIPTION FORM (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE) ONLY TO YOUR NOMINEE. DO NOT RETURN THIS FORM DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT.

PLEASE COMPLETE EXHIBIT A IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE 1145 RIGHTS OFFERING EQUITY.

EXHIBIT A

Special Delivery Instructions

IF THERE IS MORE THAN ONE DESIGNEE, COMPLETE A SEPARATE FORM FOR EACH DESIGNEE.
YOU MUST SPECIFY THE NUMBER OF 1145 RIGHTS OFFERING EQUITY FOR EACH DESIGNEE.

Please complete ONLY if 1145 Rights Offering Equity are to be issued in the name of someone OTHER than the 1145 Eligible Holder. Such person(s) must also complete an IRS Form W-8 or IRS Form W-9, as applicable.

Number of 1145 Rights Offering Equity:_____

Issue in the following Name: _____

U.S. Federal Tax EIN/SSN (optional for Non U.S. Persons): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

A. Please indicate on the lines provided below the registration name of the designee in whose name the 1145 Rights Offering Equity should be issued, in the event the 1145 Rights Offering Equity are not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

[Continued next page]

B. DTC Participant for the deposit of 1145 Rights Offering Equity, in the event the 1145

Rights Offering Equity are DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

MASTER 1145 SUBSCRIPTION FORM
FOR 1145 RIGHTS OFFERING

FOR USE BY 1145 ELIGIBLE HOLDERS

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [•], 2017

For use by brokers, banks, commercial banks, transfer agents, trust companies, dealers, or other agents or nominees for beneficial holders of Vanguard Natural Resources, LLC's 8 3/8% Senior Notes due 2019 (the "Notes") governed by an Indenture, dated as of May 27, 2011 (the "Original Indenture"), providing for the issuance of the Notes by Eagle Rock Energy Partners, L.P. and Eagle Rock Energy Finance Corp. from time to time in an unlimited aggregate principal amount, as supplemented by the First Supplemental Indenture (herein so called) to the Original Indenture, dated as of June 28, 2011, adding a guarantor for the Notes, the Second Supplemental Indenture (herein so called), dated as of November 19, 2012, adding another guarantor for the Notes, the Third Supplemental Indenture (herein so called), dated as of July 1, 2014, making certain amendments to the Indenture in connection with an exchange offer and the Fourth Supplemental Indenture (herein so called), dated October 8, 2015, where following a merger and restructuring, Vanguard Operating, LLC, a wholly owned subsidiary of Vanguard Natural Resources, LLC, became the sole issuer and primary obligor of the Notes. The Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture is referred to herein as the "Indenture".

YOUR MASTER 1145 SUBSCRIPTION FORM AND COPIES OF THE 1145 BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS) MUST BE RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT, BY 4:00 P.M. (CENTRAL TIME) ON [•], 2017, (THE "SUBSCRIPTION EXPIRATION DEADLINE") AND PAYMENTS OF THE PURCHASE PRICE MUST BE RECEIVED BY THE SUBSCRIPTION EXPIRATION DEADLINE (SOLELY WITH RESPECT TO 1145 ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) OR THE SUBSCRIPTIONS REPRESENTED BY THIS MASTER 1145 SUBSCRIPTION FORM WILL NOT BE COUNTED AND WILL BE DEEMED FOREVER RELINQUISHED AND WAIVED. NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH 1145 ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT) BY THE BACKSTOP FUNDING DEADLINE, ANY TERMS

CAPITALIZED BUT NOT DEFINED HEREIN SHALL HAVE THE MEANING AS SET FORTH IN THE PLAN OR THE 1145 RIGHTS OFFERING PROCEDURES.

PLEASE LEAVE SUFFICIENT TIME FOR YOUR MASTER 1145 SUBSCRIPTION FORM TO REACH THE RIGHTS OFFERING SUBSCRIPTION AGENT AND BE PROCESSED.

PLEASE CONSULT THE PLAN AND THE 1145 RIGHTS OFFERING PROCEDURES FOR ADDITIONAL INFORMATION WITH RESPECT TO THIS MASTER 1145 SUBSCRIPTION FORM. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE RIGHTS OFFERING SUBSCRIPTION AGENT VIA EMAIL TO [_] (PLEASE REFERENCE "[_]" IN THE SUBJECT LINE), OR AT THE FOLLOWING PHONE NUMBER: [_]

Item 1. Certification of Authority to Subscribe.

The undersigned certifies that as of the Record Date it (please check the applicable box):

☐ Is a broker, bank or other nominee for the beneficial holders of the Notes listed in Item 2 below, and is the registered holder of such Notes, or

☐ Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by the broker, bank, or other nominee that is the registered holder of the Notes listed in Item 2 below.

Item 2a. Notes Beneficial Holder Information for NON-BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes, as identified by their respective account numbers, that have delivered duly completed 1145 Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	Total Principal Amount of Notes held as of Record Date	Number of 1145 Rights Offering Equity Beneficial Holder Elects to Purchase*	Price per share	Total amount (Purchase Price)
1.			$[•]	
2.			$[•]	

3.			**$[•]**	
4.			**$[•]**	
5.			**$[•]**	
6.			**$[•]**	
7.			**$[•]**	
8.			**$[•]**	
9.			**$[•]**	
10.			**$[•]**	
TOTALS			**$[•]**	

** Rate = $_____ principal amount X [•] = Maximum number of Rights (round down to nearest whole number)*

Total amount must be paid by wire transfer ONLY of immediately available funds to the Rights Offering Subscription Agent by the Subscription Expiration Deadline, in accordance with the directions below.

Item 2b. Notes Beneficial Holder Information. BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes **THAT ARE BACKSTOP PARTIES**, as identified by their respective account numbers, that have delivered duly completed 1145 Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	Total Principal Amount of Notes held as of Record Date	Number of 1145 Rights Offering Equity Beneficial Holder Elects to Purchase*	Price per share	Total amount (Purchase Price)
1.			$[•]	
2.			$[•]	
3.			$[•]	
4.			$[•]	
5.			$[•]	
6.			$[•]	
7.			$[•]	
8.			$[•]	
9.			$[•]	
10.			$[•]	
TOTALS			$[•]	

** Rate = $_____ principal amount X [•] = Maximum number of Rights (round down to nearest whole number)*

NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH 1145 ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 3. Payment and Delivery Instructions

A. Insert Purchase Price for non-Backstop Parties set forth in Item 2a:
$_____

All cash payments with respect to the exercise of Rights that are being transmitted by this Master 1145 Subscription Form with respect to the amount set forth above shall be made by wire transfer ONLY of immediately available funds in accordance with the instructions set forth below.

Account Name :	
Bank Account No.:	

ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	[Insert claimant name in memo field]

B. Insert Purchase Price for Backstop Parties set forth in Item 2b: $_____

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE AMOUNT SET FORTH ABOVE IN ITEM 3B AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please email, mail or deliver your completed Master 1145 Subscription Form (together with any duly completed and received 1145 Beneficial Holder Subscription Forms (with accompanying IRS Forms W-9 or appropriate IRS Form W-8, as applicable) to:

[_]

Questions may also be directed to the Rights Offering Subscription Agent via email to: [_] (please reference "[_]" in the subject line). (Please also see "Note Regarding Email" below.)

PLEASE NOTE: NO SUBSCRIPTION BY AN 1145 ELIGIBLE HOLDER WILL BE VALID UNLESS THIS MASTER 1145 SUBSCRIPTION FORM, TOGETHER WITH THE APPLICABLE DULY COMPLETED AND EXECUTED 1145 BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE), ARE VALIDLY SUBMITTED ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE (4:00 P.M. CENTRAL TIME ON [•], 2017) AND SOLELY WITH RESPECT TO 1145 ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES, PAYMENT OF THE PURCHASE PRICE IS RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE.

NOTE REGARDING EMAIL

PROPERLY EXECUTED MASTER 1145 SUBSCRIPTION FORMS ALONG WITH RESPECTIVE 1145 BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS) CAN BE E-MAILED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT AT [_] BY THE SUBSCRIPTION EXPIRATION DEADLINE PROVIDED THAT THE ORIGINAL MASTER 1145 SUBSCRIPTION FORM(S) WITH ORIGINAL MEDALLION STAMP AND SIGNATURE IS DELIVERED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT WITHIN TWO BUSINESS DAYS. PLEASE ATTACH A COPY OF YOUR TRANSMITTAL EMAIL WHEN YOU FORWARD THE ORIGINAL DOCUMENTS.

Item 4. Additional Certification.

The undersigned certifies that for each beneficial holder whose exercise of rights are being transmitted by this Master 1145 Subscription Form (i) it is holding the Notes listed under Item 1 of the 1145 Beneficial Holder Subscription Form on behalf of the beneficial holder, (ii) the beneficial holder is entitled to participate in the 1145 Rights Offering, (iii) the beneficial holder has been provided with a copy of the Plan, the 1145 Rights Offering Procedures (including the 1145 Rights Offering Instructions attached thereto) and other applicable materials and (iv) true and correct copies of the 1145 Beneficial Holder Subscription Form have been received from each beneficial holder and are being transmitted herewith.

Date: _____

Name of Nominee: _____

DTC Participant Number: _____

Contact Name: _____

Title: _____

Address: _____

Telephone Number: _____

Fax: _____

Email: _____

MEDALLION GUARANTEE:
(In lieu of providing a medallion stamp, a Nominee may provide an original notarized signature on this registration instruction sheet and a list of authorized signatories on the letterhead of the Nominee.)

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

1145 BENEFICIAL HOLDER SUBSCRIPTION FORM
FOR 1145 RIGHTS OFFERING

FOR USE BY 1145 ELIGIBLE HOLDERS OF
7.875% SENIOR NOTES DUE 2020

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [•], 2017

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that your 1145 Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) must be received by your Nominee in sufficient time to allow such Nominee to deliver the Master 1145 Subscription Form, attached hereto, along with completing wire transfer of the Purchase Price with respect to 1145 Eligible Holders that are not Backstop Parties to the Rights Offering Subscription Agent by the Subscription Expiration Deadline or the subscription represented by your 1145 Beneficial Holder Subscription Form will not be counted and will be deemed forever relinquished and waived.

1145 Eligible Holders that are Backstop Parties must deliver the appropriate funding directly to the Rights Offering Subscription Agent or the Escrow Account, as applicable (except to the extent of any funding previously provided by any such 1145 Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement), no later than the deadline specified in the Funding Notice (the "Backstop Funding Deadline").

The 1145 Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption provided in Section 1145(a) of the Bankruptcy Code.

You must complete Exhibit A, if, pursuant to Section 5 of the 1145 Rights Offering Procedures, you are designating any other person to receive all or a portion of the 1145 Rights Offering Equity. Such transferee must also complete an IRS Form W-8 or IRS form W-9, as applicable. In such case, you must complete Exhibit A and deliver it to the Rights Offering Subscription Agent.

None of the 1145 Rights Offering Equity has been registered under the Securities Act, nor any State or local law requiring registration for offer or sale of a security.

Please consult the Plan, the Disclosure Statement and the 1145 Rights Offering Procedures (including the 1145 Rights Offering Instructions attached thereto) for additional information with respect to this 1145 Beneficial Holder Subscription Form. Any terms capitalized but not defined herein shall have the meaning as set forth in the Plan or the 1145 Rights Offering Procedures.

If you have any questions, please contact the Rights Offering Subscription Agent via email to [_] (please reference "[_]" in the subject line), or at the following phone number: [_].

The record date for the 1145 Rights Offering is [•], 2017 (the "Record Date").

Item 1. Amount of Notes.

I certify that I am a beneficial holder of 7.875% Senior Notes due 2020 (the "Notes") co-issued by Vanguard Natural Resources, LLC and VNR Finance Corp. in the following principal amount as of the Record Date (insert amount on the lines below) or that I am the authorized signatory of that beneficial holder. For purposes of this 1145 Beneficial Holder Subscription Form, do not adjust the principal (face) amount for any accrued or unmatured interest. Accrued prepetition interest is accounted for in the multiplier set forth in Item 2a below. (If a Nominee holds your Notes on your behalf and you do not know the principal amount, please contact your Nominee immediately.)

Insert principal amount of 7.875% Senior Notes due 2020 held as of the Record Date.

_____

Item 2. Rights.

2a. Calculation of Maximum Number of 1145 Rights Offering Equity. The maximum number of 1145 Rights Offering Equity for which you may subscribe is calculated as follows:

_____ (Insert principal amount from Item 1 above)	X	[•]	=	_____ (Maximum number of 1145 Rights Offering Equity) (Round down to nearest whole number)

Each 1145 Eligible Holder is entitled to subscribe for [•] 1145 Rights Offering Equity per $1,000 of principal amount of the Notes (the "Maximum 1145 Participation Amount"), subject to the individual limits included in the calculations in the table above. To subscribe, fill out Items 1, 2a, 2b and 3, read Item 4 and read and complete Item 5 below.

2b. Purchase Price. By filling in the following blanks, you are indicating that the undersigned 1145 Eligible Holder is interested in purchasing the number of 1145 Rights Offering Equity specified below (specify a number of 1145 Rights Offering Equity, which is not greater than the Maximum 1145 Participation Amount calculated in Item 2a above), on the terms and subject to the conditions set forth in the 1145 Rights Offering Procedures.

_____ (Indicate number of 1145 Rights Offering Equity you elect to purchase) (Cannot exceed the Maximum 1145 Participation Amount)	X	$[•]	=	$_____ Aggregate Purchase Price

Item 3. Backstop Party Representation.

(*This section is **only** for Backstop Parties, each of whom is aware of its status as a Backstop Party. Please note that checking the box below if you are not a Backstop Party may result in forfeiture of your rights to participate in the 1145 Rights Offering*).

☐ I am a Backstop Party identified in the Backstop Agreement dated as of [•], 2017 among Vanguard Natural Resources, LLC and the Backstop Parties signatory thereto (the "Backstop Agreement").

Item 4. Payment and Delivery Instructions

For 1145 Eligible Holders that did not check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds in accordance with the procedures of your Nominee. If your Nominee instructs you to make payment directly to the Rights Offering Subscription Agent, you may do so via the wire instructions below.

For 1145 Eligible Holders that are Backstop Parties and did check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds directly to an escrow account established and maintained by a third party satisfactory to the Backstop Parties that have requested such escrow account or to a segregated account maintained by the Rights Offering Subscription Agent, in each case in accordance with the Funding Notice that will be delivered to you pursuant to the Backstop Agreement (except to the extent of any funding previously provided by any such 1145 Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement). All cash payments with respect to the exercise of the Rights that are being transmitted to the Rights Offering Subscription Agent shall be made by wire transfer of immediately available funds in accordance with the wire instructions below.

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE PURCHASE PRICE OF A BACKSTOP PARTY WHO CHECKED THE BOX IN ITEM 3 AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please mail or deliver your completed 1145 Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to your Nominee **in sufficient time** to allow such Nominee to deliver the Master 1145 Subscription Form (and

associated documentation) and all funds (solely with respect to 1145 Eligible Holders that are not Backstop Parties) to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

PLEASE NOTE: NO SUBSCRIPTION WILL BE VALID UNLESS THIS 1145 BENEFICIAL HOLDER SUBSCRIPTION FORM IS VALIDLY SUBMITTED TO YOUR NOMINEE IN SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO DELIVER THE MASTER 1145 SUBSCRIPTION FORM ALONG WITH THE PURCHASE PRICE (SOLELY WITH RESPECT TO 1145 ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) TO THE RIGHTS OFFERING SUBSCRIPTION AGENT BY THE SUBSCRIPTION EXPIRATION DEADLINE.

1145 ELIGIBLE HOLDERS THAT ARE BACKSTOP PARTIES MUST DELIVER THE APPROPRIATE FUNDING DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT, AS APPLICABLE, NO LATER THAN THE BACKSTOP FUNDING DEADLINE (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH 1145 ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 5. Certification.

The undersigned hereby certifies that (i) as of the Record Date, the undersigned was the beneficial holder of the Notes set forth in Item 1 above (the "Holder"), or the authorized signatory (the "Authorized Signatory") of such holder acting on behalf of the Holder, (ii) the Holder has received a copy of the Plan, the Disclosure Statement and the 1145 Rights Offering Procedures (including the 1145 Rights Offering Instructions attached thereto) and (iii) the Holder understands that the exercise of the rights under the 1145 Rights Offerings is subject to all the terms and conditions set forth in the Plan, the 1145 Rights Offering Procedures and, if applicable, the Backstop Agreement.

By electing to subscribe for the amount of 1145 Rights Offering Equity designated under Item 2b above, the Holder (or the Authorized Signatory on behalf of the Holder) is hereby instructing its Nominee to arrange for (i) the completion and delivery of its Master 1145 Subscription Form to the Rights Offering Subscription Agent before the Subscription Expiration Deadline and (ii) payment of the Purchase Price listed under Item 2b above by the Subscription Expiration Deadline (solely with respect to 1145 Eligible Holders that are not Backstop Parties).

The Holder (or the Authorized Signatory on behalf of such Holder) acknowledges that, by executing this 1145 Beneficial Holder Subscription Form, the 1145 Eligible Holder named below has elected to subscribe for the number of 1145 Rights Offering Equity designated under Item 2b above and will be bound to pay the Purchase Price listed under Item 2b above for the 1145 Rights Offering Equity it has subscribed for and that it may be

liable to the Debtors to the extent of any nonpayment.

Date: _____

Name of 1145 Eligible Holder: _____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

Number of 1145 Rights Offering Equity: _____

Signature: _____

Name of Signatory: _____

Title: _____

Telephone Number: _____

Fax: _____

Email: _____

PLEASE COMPLETE THE THREE SECTIONS BELOW IF 1145 RIGHTS OFFERING EQUITY IS TO BE ISSUED TO THE 1145 ELIGIBLE HOLDER, AND/OR PLEASE COMPLETE EXHIBIT A IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE 1145 RIGHTS OFFERING EQUITY.

A. Please indicate on the lines provided below the registration name of the 1145 Eligible Holder in whose name the 1145 Rights Offering Equity should be issued, in the event the 1145 Rights Offering Equity are not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

B. DTC Participant for the deposit of 1145 Rights Offering Equity, in the event the 1145 Rights Offering Equity are DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

PLEASE RETURN THIS 1145 BENEFICIAL HOLDER SUBSCRIPTION FORM (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE) ONLY TO YOUR NOMINEE. DO NOT RETURN THIS FORM DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT.

PLEASE COMPLETE EXHIBIT A IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE 1145 RIGHTS OFFERING EQUITY.

EXHIBIT A

Special Delivery Instructions

IF THERE IS MORE THAN ONE DESIGNEE, COMPLETE A SEPARATE FORM FOR EACH DESIGNEE.
YOU MUST SPECIFY THE NUMBER OF 1145 RIGHTS OFFERING EQUITY FOR EACH DESIGNEE.

Please complete ONLY if 1145 Rights Offering Equity are to be issued in the name of someone OTHER than the 1145 Eligible Holder. Such person(s) must also complete an IRS Form W-8 or IRS Form W-9, as applicable.

Number of 1145 Rights Offering Equity:_____

Issue in the following Name: _____

U.S. Federal Tax EIN/SSN (optional for Non U.S. Persons): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

A. Please indicate on the lines provided below the registration name of the designee in whose name the 1145 Rights Offering Equity should be issued, in the event the 1145 Rights Offering Equity are not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

[Continued next page]

B. DTC Participant for the deposit of 1145 Rights Offering Equity, in the event the 1145

Rights Offering Equity are DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

MASTER 1145 SUBSCRIPTION FORM
FOR 1145 RIGHTS OFFERING

FOR USE BY 1145 ELIGIBLE HOLDERS

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [•], 2017

For use by brokers, banks, commercial banks, transfer agents, trust companies, dealers, or other agents or nominees for beneficial holders of Vanguard Natural Resources, LLC's 7.875% Senior Notes due 2020 (the "Notes") governed by an Indenture, dated as of April 4, 2012, by and among Vanguard Natural Resources, LLC and VNR Finance Corp., as issuers, and UMB Bank, N.A., as trustee (the "Indenture").

YOUR MASTER 1145 SUBSCRIPTION FORM AND COPIES OF THE 1145 BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS) MUST BE RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT, BY 4:00 P.M. (CENTRAL TIME) ON [•], 2017, (THE "SUBSCRIPTION EXPIRATION DEADLINE") AND PAYMENTS OF THE PURCHASE PRICE MUST BE RECEIVED BY THE SUBSCRIPTION EXPIRATION DEADLINE (SOLELY WITH RESPECT TO 1145 ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) OR THE SUBSCRIPTIONS REPRESENTED BY THIS MASTER 1145 SUBSCRIPTION FORM WILL NOT BE COUNTED AND WILL BE DEEMED FOREVER RELINQUISHED AND WAIVED. NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH 1145 ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT) BY THE BACKSTOP FUNDING DEADLINE, ANY TERMS CAPITALIZED BUT NOT DEFINED HEREIN SHALL HAVE THE MEANING AS SET FORTH IN THE PLAN OR THE 1145 RIGHTS OFFERING PROCEDURES.

PLEASE LEAVE SUFFICIENT TIME FOR YOUR MASTER 1145 SUBSCRIPTION FORM TO REACH THE RIGHTS OFFERING SUBSCRIPTION AGENT AND BE PROCESSED.

PLEASE CONSULT THE PLAN AND THE 1145 RIGHTS OFFERING PROCEDURES FOR ADDITIONAL INFORMATION WITH RESPECT TO THIS MASTER 1145 SUBSCRIPTION FORM. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE RIGHTS OFFERING SUBSCRIPTION AGENT VIA EMAIL TO [_] (PLEASE REFERENCE "[_]" IN THE SUBJECT LINE), OR AT THE FOLLOWING PHONE

NUMBER: [_]

Item 1. Certification of Authority to Subscribe.

The undersigned certifies that as of the Record Date it (please check the applicable box):

☐ Is a broker, bank or other nominee for the beneficial holders of the Notes listed in Item 2 below, and is the registered holder of such Notes, or

☐ Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by the broker, bank, or other nominee that is the registered holder of the Notes listed in Item 2 below.

Item 2a. Notes Beneficial Holder Information for NON-BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes, as identified by their respective account numbers, that have delivered duly completed 1145 Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	**Total Principal Amount of Notes held as of Record Date**	**Number of 1145 Rights Offering Equity Beneficial Holder Elects to Purchase***	**Price per share**	**Total amount (Purchase Price)**
1.			**$[•]**	
2.			**$[•]**	
3.			**$[•]**	
4.			**$[•]**	
5.			**$[•]**	
6.			**$[•]**	
7.			**$[•]**	
8.			**$[•]**	
9.			**$[•]**	
10.			**$[•]**	
TOTALS			**$[•]**	

** Rate = $_____ principal amount X [•] = Maximum number of Rights (round down to nearest whole number)*

Total amount must be paid by wire transfer ONLY of immediately available funds to the Rights Offering Subscription Agent by the Subscription Expiration Deadline, in accordance with the directions below.

Item 2b. Notes Beneficial Holder Information. BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes **THAT ARE BACKSTOP PARTIES**, as identified by their respective account numbers, that have delivered duly completed 1145 Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	Total Principal Amount of Notes held as of Record Date	Number of 1145 Rights Offering Equity Beneficial Holder Elects to Purchase*	Price per share	Total amount (Purchase Price)
1.			$[•]	
2.			$[•]	
3.			$[•]	
4.			$[•]	
5.			$[•]	
6.			$[•]	
7.			$[•]	
8.			$[•]	
9.			$[•]	
10.			$[•]	
TOTALS			$[•]	

** Rate = $_____ principal amount X [•] = Maximum number of Rights (round down to nearest whole number)*

NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH 1145 ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 3. Payment and Delivery Instructions

A. Insert Purchase Price for non-Backstop Parties set forth in Item 2a:
$_____

All cash payments with respect to the exercise of Rights that are being transmitted by this Master 1145 Subscription Form with respect to the amount set forth above shall be made by wire transfer ONLY of immediately available funds in accordance with the instructions set forth below.

Account Name :	
Bank Account No.:	

ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	[Insert claimant name in memo field]

B. Insert Purchase Price for Backstop Parties set forth in Item 2b: $_____

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE AMOUNT SET FORTH ABOVE IN ITEM 3B AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please email, mail or deliver your completed Master 1145 Subscription Form (together with any duly completed and received 1145 Beneficial Holder Subscription Forms (with accompanying IRS Forms W-9 or appropriate IRS Form W-8, as applicable) to:

[_]

Questions may also be directed to the Rights Offering Subscription Agent via email to: [_] (please reference "[_]" in the subject line). (Please also see "Note Regarding Email" below.)

PLEASE NOTE: NO SUBSCRIPTION BY AN 1145 ELIGIBLE HOLDER WILL BE VALID UNLESS THIS MASTER 1145 SUBSCRIPTION FORM, TOGETHER WITH THE APPLICABLE DULY COMPLETED AND EXECUTED 1145 BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE), ARE VALIDLY SUBMITTED ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE (4:00 P.M. CENTRAL TIME ON [•], 2017) AND SOLELY WITH RESPECT TO 1145 ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES, PAYMENT OF THE PURCHASE PRICE IS RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE.

NOTE REGARDING EMAIL

PROPERLY EXECUTED MASTER 1145 SUBSCRIPTION FORMS ALONG WITH RESPECTIVE 1145 BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS) CAN BE E-MAILED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT AT [_] BY THE SUBSCRIPTION EXPIRATION DEADLINE PROVIDED THAT THE ORIGINAL MASTER 1145 SUBSCRIPTION FORM(S) WITH ORIGINAL MEDALLION STAMP AND SIGNATURE IS DELIVERED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT WITHIN TWO BUSINESS DAYS. PLEASE ATTACH A COPY OF YOUR TRANSMITTAL EMAIL WHEN YOU FORWARD THE ORIGINAL DOCUMENTS.

Item 4. Additional Certification.

The undersigned certifies that for each beneficial holder whose exercise of rights are being transmitted by this Master 1145 Subscription Form (i) it is holding the Notes listed under Item 1 of the 1145 Beneficial Holder Subscription Form on behalf of the beneficial holder, (ii) the beneficial holder is entitled to participate in the 1145 Rights Offering, (iii) the beneficial holder has been provided with a copy of the Plan, the 1145 Rights Offering Procedures (including the 1145 Rights Offering Instructions attached thereto) and other applicable materials and (iv) true and correct copies of the 1145 Beneficial Holder Subscription Form have been received from each beneficial holder and are being transmitted herewith.

Date: _____

Name of Nominee: _____

DTC Participant Number: _____

Contact Name: _____

Title: _____

Address: _____

Telephone Number: _____

Fax: _____

Email: _____

MEDALLION GUARANTEE:
(In lieu of providing a medallion stamp, a Nominee may provide an original notarized signature on this registration instruction sheet and a list of authorized signatories on the letterhead of the Nominee.)

Exhibit C-2

Accredited Investor Rights Offering Procedures, Accredited Investor Beneficial Holder Subscription Form, and Master Accredited Investor Subscription Form

VANGUARD NATURAL RESOURCES, LLC (THE "COMPANY"), ON BEHALF OF AN ENTITY TO BE FORMED LATER

ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES

The Accredited Investor Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act")[1], in reliance upon the exemption provided by Section 4(a)(2) thereof and/or Regulation D promulgated thereunder. None of the Rights being offered in the Accredited Investor Rights Offering (the "Accredited Investor Rights") or the Accredited Investor Rights Offering Equity issuable upon exercise of such rights distributed pursuant to these offering procedures (the "Accredited Investor Rights Offering Procedures") have been or will be registered under the Securities Act, nor any state or local law requiring registration for offer and sale of a security, and Accredited Investor Rights Offering Equity may not be sold or transferred absent registration under the Securities Act or pursuant to an exemption from registration under the Securities Act.

The record ownership of the Accredited Investor Rights is not transferable.

The Disclosure Statement (as defined below) has previously been distributed in connection with the Debtors' solicitation of votes to accept or reject the Plan (as defined below) and that document sets forth important information, including risk factors, that should be carefully read and considered by each Accredited Investor Eligible Holder (as defined below) prior to making a decision to participate in the Accredited Investor Rights Offering. Additional copies of the Disclosure Statement are available upon request from [ ] or another subscription agent appointed by the Company and satisfactory to the Requisite Commitment Parties (the "Rights Offering Subscription Agent").

Each certificate representing Accredited Investor Rights Offering Equity issued upon exercise of an Accredited Investor Right, and each certificate issued in exchange for or upon the transfer, sale or assignment of any such Accredited Investor Rights Offering Equity, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [ISSUANCE DATE], HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD

[1] **Terms used and not defined herein shall have the meaning assigned to them in the *Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time, the "Plan").**

OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

The Accredited Investor Rights Offering is being conducted by the Company on behalf of Reorganized VNR in good faith and in compliance with the Bankruptcy Code. In accordance with Section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participate, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security offered or sold under the plan of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale or purchase of securities.

Accredited Investor Eligible Holders should note the following times relating to the Accredited Investor Rights Offering:

Date	Calendar Date	Event
Record Date…….	[•], 2017	The date and time fixed by the Company for the determination of the holders eligible to participate in the Accredited Investor Rights Offering.
Subscription Commencement Date ..	[•], 2017	Commencement of the Accredited Investor Rights Offering.
Subscription Expiration Deadline …	4:00 p.m. Central Time on [•], 2017	The deadline for Accredited Investor Eligible Holders to subscribe for Accredited Investor Rights Offering Equity. An Accredited Investor Eligible Holder's applicable Accredited Investor Beneficial Holder Subscription Form(s) (as defined below) must be received by the Accredited Investor Eligible Holder's Nominee (as defined below) in sufficient time to allow such Nominee to deliver the Master Accredited Investor Subscription Form (as defined below) to the Rights Offering Subscription Agent by the Subscription Expiration Deadline. Accredited Investor Eligible Holders who are not Backstop Parties must deliver the aggregate Purchase Price (as defined below) by the Subscription Expiration Deadline.

	Accredited Investor Eligible Holders who are Backstop Parties must deliver the aggregate Purchase Price no later than the deadline specified in the Funding Notice (as defined below) in accordance with the terms of the Backstop Agreement.

To Accredited Investor Eligible Holders and Nominees of Accredited Investor Eligible Holders:

On [ ], 2017, the Debtors filed the Plan with the United States Bankruptcy Court for the Southern District of Texas and the *Disclosure Statement Relating to the Joint Chapter 11 Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code (*as may be amended from time to time in accordance with its terms, the "Disclosure Statement"). Pursuant to the Plan, each holder of an Allowed Senior Notes Claim as of the Record Date that is an "accredited investor" (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act) and that is acquiring the Accredited Investor Rights Offering Equity for its own account or for the account of a "qualified institutional buyer" (as defined in Section (a)(1) of Rule 144A promulgated under the Securities Act) and makes certain certifications in connection with such acquisition (each such holder, a "Accredited Investor Eligible Holder") has a right to participate in the Accredited Investor Rights Offering, in accordance with the terms and conditions of these Accredited Investor Rights Offering Procedures. Only holders of Allowed Senior Notes Claims that timely and validly complete and return the Accredited Investor Questionnaire included as Exhibit A to the Accredited Investor Beneficial Holder Subscription Form(s) may participate in the Accredited Investor Rights Offering of the Accredited Investor Rights Offering Equity.

Pursuant to the Plan, each Accredited Investor Eligible Holder that has timely and validly completed and returned the Accredited Investor Questionnaire to the Rights Offering Subscription Agent or its Nominee, as applicable, in advance of the Subscription Expiration Deadline will receive rights to subscribe for its *pro rata* portion of a rights offering of Accredited Investor Rights Offering Equity in an aggregate amount of $[•], provided that it timely and properly executes and delivers the attached Accredited Investor Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and Accredited Investor Questionnaire) (the "Accredited Investor Beneficial Holder Subscription Form") to the Rights Offering Subscription Agent or its Nominee, as applicable, in advance of the Subscription Expiration Deadline. Included with the Accredited Investor Beneficial Holder Subscription Form, each such Nominee will receive a Master Accredited Investor Subscription Form (a "Master Accredited Investor Subscription Form") which it shall use to summarize the Accredited Investor Rights exercised by each Accredited Investor Eligible Holder that timely returns the applicable properly filled out Accredited Investor Beneficial Holder Subscription Form(s) to such Nominee. Accredited Investor Beneficial Holder Subscription Forms should only be returned directly to the Rights Offering Subscription Agent if the Accredited Investor Eligible Holder is the direct holder of record on the books of the applicable indenture trustee and does not hold its Allowed Senior Notes Claim through a Nominee.

Please note that all Accredited Investor Beneficial Holder Subscription Forms must be returned to the applicable Nominee in sufficient time to allow such Nominee to process and deliver the Master Accredited Investor Subscription Form and copies of all Accredited Investor Beneficial Holder Subscription Forms, and the accompanying IRS Forms and Accredited Investor Questionnaires prior to the Subscription Expiration Deadline. To the extent of any discrepancy between the Master Accredited Investor Subscription Form and the Accredited

Investor Beneficial Holder Subscription Form(s) regarding the Accredited Investor Eligible Holder's principal amount, the Master Accredited Investor Subscription Form shall govern. While the amount of time necessary for a Nominee to process and deliver the Master Accredited Investor Subscription Form to the Rights Offering Subscription Agent will vary from Nominee to Nominee, Accredited Investor Eligible Holders are urged to consult with their Nominees to determine the necessary deadline to return their Accredited Investor Beneficial Holder Subscription Forms. Failure to submit such Accredited Investor Beneficial Holder Subscription Forms on a timely basis will result in forfeiture of an Accredited Investor Eligible Holder's rights to participate in the Accredited Investor Rights Offering. None of the Company, the Rights Offering Subscription Agent or any of the Backstop Parties will have any liability for any such failure.

No Accredited Investor Eligible Holder shall be entitled to participate in the Accredited Investor Rights Offering unless the aggregate Purchase Price (as defined below) for the Accredited Investor Rights Offering Equity it subscribes for is received by the Rights Offering Subscription Agent (i) in the case of an Accredited Investor Eligible Holder that is not a Backstop Party, by the Subscription Expiration Deadline, and (ii) in the case of an Accredited Investor Eligible Holder that is a Backstop Party, no later than the deadline specified in a written notice (a "Funding Notice") delivered by or on behalf of the Debtors to the Backstop Parties in accordance with Section 2.4 of the Backstop Agreement (the "Backstop Funding Deadline"), provided that the Backstop Parties may deposit their aggregate Purchase Price in the Escrow Account (as defined below), in accordance with the terms of the Backstop Agreement. No interest is payable on any advanced funding of the Purchase Price. If the Accredited Investor Rights Offering is terminated for any reason, the aggregate Purchase Price previously received by the Rights Offering Subscription Agent will be returned to Accredited Investor Eligible Holders as provided in Section 6 hereof. No interest will be paid on any returned Purchase Price. Any Accredited Investor Eligible Holder who is not a Backstop Party submitting payment via its Nominee must coordinate such payment with its Nominee in sufficient time to allow the Nominee to forward such payment to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

In order to participate in the Accredited Investor Rights Offering, an Accredited Investor Eligible Holder must complete all of the steps outlined below. If all of the steps outlined below are not completed by the Subscription Expiration Deadline or the Backstop Funding Deadline, as applicable, an Accredited Investor Eligible Holder shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the Accredited Investor Rights Offering.

1. Accredited Investor Rights Offering

Accredited Investor Eligible Holders have the right, but not the obligation, to participate in the Accredited Investor Rights Offering. Only holders of Allowed Senior Notes Claims that are Accredited Investor Eligible Holders that complete the Accredited Investor Questionnaire included as Exhibit A to the Accredited Investor Beneficial Holder Subscription Form(s) may participate in the Accredited Investor Rights Offering.

Accredited Investor Eligible Holders shall receive rights to subscribe for their *pro rata* portion of the Accredited Investor Rights Offering Equity.

Subject to the terms and conditions set forth in the Plan and these Accredited Investor Rights Offering Procedures, each Accredited Investor Eligible Holder is entitled to subscribe for up to:

- [•] Accredited Investor Rights Offering Equity per $1,000 of principal amount of the 8 3/8% Senior Notes due 2019; and
- [•] Accredited Investor Rights Offering Equity per $1,000 of principal amount of the 7.875% Senior Notes due 2020;

in each case at a purchase price of $[•] per share (the "Purchase Price"). **The difference in the number of Accredited Investor Rights Offering Equity that an Accredited Investor Eligible Holder is entitled to subscribe for with respect to each series of Senior Notes is to take into account the differing amounts of pre-petition accrued and unpaid interest thereon.**

There will be no over-subscription privilege in the Accredited Investor Rights Offering. Any Accredited Investor Rights Offering Equity that are unsubscribed by the Accredited Investor Eligible Holders entitled thereto will not be offered to other Accredited Investor Eligible Holders but will be purchased by the applicable Backstop Parties in accordance with the Backstop Agreement. Subject to the terms and conditions of the Backstop Agreement, each Backstop Party is obligated to purchase its *pro rata* portion of the applicable Accredited Investor Rights Offering Equity.

Any Accredited Investor Eligible Holder that subscribes for Accredited Investor Rights Offering Equity, will be subject to restrictions under the Securities Act on its ability to re-sell those securities. Resale restrictions are discussed in more detail in Article XII of the Disclosure Statement, titled "Certain Securities Law Matters."

SUBJECT TO THE TERMS AND CONDITIONS OF THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES AND THE BACKSTOP AGREEMENT IN THE CASE OF ANY BACKSTOP PARTY, ALL SUBSCRIPTIONS SET FORTH IN THE APPLICABLE ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM(S) ARE IRREVOCABLE.

2. Subscription Period

The Accredited Investor Rights Offering will commence on the Subscription Commencement Date and will expire at the Subscription Expiration Deadline. Each Accredited Investor Eligible Holder intending to purchase Accredited Investor Rights Offering Equity in any Accredited Investor Rights Offering must affirmatively elect to exercise its Accredited Investor Rights in the manner set forth in the applicable Accredited Investor Beneficial Holder Subscription Form by the Subscription Expiration Deadline.

Any exercise of Accredited Investor Rights by an Accredited Investor Eligible Holder

after the Subscription Expiration Deadline will not be allowed and any purported exercise received by the Rights Offering Subscription Agent after the Subscription Expiration Deadline, regardless of when the documents or payment relating to such exercise were sent, will not be honored, except that the Company shall have the discretion, with the consent of the Senior Commitment Parties holding at least two-thirds of the aggregate Backstop Commitments (as identified in Schedule 1 to the Backstop Agreement) as of the date on which such consent is solicited (the "Requisite Commitment Parties"), to allow any exercise of Accredited Investor Rights after the Subscription Expiration Deadline.

The Subscription Expiration Deadline may be extended with the consent of the Requisite Commitment Parties, or as required by law.

3. Delivery of Subscription Documents

Each Accredited Investor Eligible Holder may exercise all or any portion of such Accredited Investor Eligible Holder's Accredited Investor Rights, but subject to the terms and conditions contained herein. In order to facilitate the exercise of the Accredited Investor Rights, beginning on the Subscription Commencement Date, the applicable Accredited Investor Beneficial Holder Subscription Form and these Accredited Investor Rights Offering Procedures will be sent to each Accredited Investor Eligible Holder, together with appropriate instructions for the proper completion, due execution and timely delivery of the executed Accredited Investor Beneficial Holder Subscription Form and the payment of the applicable aggregate Purchase Price for its Accredited Investor Rights Offering Equity.

4. Exercise of Accredited Investor Rights

(a) In order to validly exercise its Accredited Investor Rights, each Accredited Investor Eligible Holder that is not a Backstop Party must:

i. return duly completed and executed applicable Accredited Investor Beneficial Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable, so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

ii. at the same time it returns its Accredited Investor Beneficial Holder Subscription Form(s) to its Nominee, but in no event later than the Subscription Expiration Deadline, pay, or arrange for the payment by its Nominee of, the applicable Purchase Price to the Rights Offering Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the applicable Accredited Investor Beneficial Holder Subscription Form(s).

(b) In order to validly exercise its Accredited Investor Rights, each Accredited Investor Eligible Holder that is a Backstop Party must:

i. return duly completed and executed applicable Accredited Investor Beneficial

Holder Subscription Form(s) to the Rights Offering Subscription Agent or its Nominee, as applicable so that, if applicable, such documents may be transmitted to the Rights Offering Subscription Agent by the Nominee, so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

ii. no later than the Backstop Funding Deadline, pay the applicable Purchase Price to the Rights Offering Subscription Agent or to the escrow account established and maintained by a third party satisfactory to the Backstop Parties and the Company (the "Escrow Account") by wire transfer **ONLY** of immediately available funds in accordance with the wire instructions included in the Funding Notice.

ALL BACKSTOP PARTIES MUST PAY THEIR APPLICABLE PURCHASE PRICE DIRECTLY TO THE SUBSCRIPTION AGENT OR TO THE ESCROW ACCOUNT, AS APPLICABLE, AND SHOULD NOT PAY THEIR NOMINEE(S).

(c) With respect to 4(a) and (b) above, each Accredited Investor Eligible Holder must duly complete, execute and return the applicable Accredited Investor Beneficial Holder Subscription Form(s) in accordance with the instructions herein to its Nominee in sufficient time to allow its Nominee to process its instructions and deliver to the Rights Offering Subscription Agent the Master Accredited Investor Subscription Form, its completed Accredited Investor Beneficial Holder Subscription Form(s), and, solely with respect to the Accredited Investor Eligible Holders that are not Backstop Parties, payment of the applicable Purchase Price, payable for the Accredited Investor Rights Offering Equity elected to be purchased by such Accredited Investor Eligible Holder, by the Subscription Expiration Deadline. Accredited Investor Eligible Holders that are Backstop Parties must deliver their payment of the applicable Purchase Price payable for the Accredited Investor Rights Offering Equity elected to be purchased by such Backstop Party directly to the Rights Offering Subscription Agent or to the Escrow Account, as applicable, no later than the Backstop Funding Deadline.

(d) In the event that the funds received by the Rights Offering Subscription Agent or the Escrow Account, as applicable, from any Accredited Investor Eligible Holder do not correspond to the Purchase Price payable for the Accredited Investor Rights Offering Equity elected to be purchased by such Accredited Investor Eligible Holder, the number of the Accredited Investor Rights Offering Equity deemed to be purchased by such Accredited Investor Eligible Holder will be the lesser of (a) the number of the Accredited Investor Rights Offering Equity elected to be purchased by such Accredited Investor Eligible Holder and (b) a number of the Accredited Investor Rights Offering Equity determined by dividing the amount of the funds received by the Purchase Price, in each case up to such Accredited Investor Eligible Holder's *pro rata* portion of Accredited Investor Rights Offering Equity.

(e) The cash paid to the Rights Offering Subscription Agent in accordance with these Accredited Investor Rights Offering Procedures will be deposited and held by the

Rights Offering Subscription Agent in a segregated account until released to the Debtors in connection with the settlement of the Accredited Investor Rights Offering on the Effective Date. The Rights Offering Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Rights Offering Subscription Agent hereunder shall not be deemed part of the Debtors' bankruptcy estates.

5. Transfer Restriction; Revocation

The record ownership in the Accredited Investor Rights is not transferable. If any Accredited Investor Rights are transferred by an Accredited Investor Eligible Holder in contravention of the foregoing, the Accredited Investor Rights will be cancelled, and neither such Accredited Investor Eligible Holder nor the purported transferee will receive any Accredited Investor Rights Offering Equity otherwise purchasable on account of such transferred Accredited Investor Rights. Any Senior Notes traded after the Record Date will not be traded with the Rights attached.

Once an Accredited Investor Eligible Holder has properly exercised its Accredited Investor Rights, subject to the terms and conditions contained in these Accredited Investor Rights Offering Procedures and the Backstop Agreement in the case of any Backstop Party, such exercise will be irrevocable.

6. Termination/Return of Payment

Unless the Effective Date has occurred, the Accredited Investor Rights Offering will be deemed automatically terminated without any action of any party upon the earlier of (i) termination of the Plan or rejection of the Plan by all classes entitled to vote, (ii) termination of the RSA in accordance with its terms, (iii) termination of the Backstop Agreement in accordance with its terms and (iv) the Outside Date (as defined in the Backstop Agreement) (as such date may be extended pursuant to the terms of the Backstop Agreement). In the event the Accredited Investor Rights Offering is terminated, any payments received pursuant to these Accredited Investor Rights Offering Procedures will be returned, without interest, to the applicable Accredited Investor Eligible Holder as soon as reasonably practicable, but in any event, within six (6) Business Days after the date of termination.

7. Settlement of the Accredited Investor Rights Offering and Distribution of the Accredited Investor Rights Offering Equity

The settlement of the Accredited Investor Rights Offering is conditioned on confirmation of the Plan by the Bankruptcy Court, compliance by the Debtors with these Accredited Investor Rights Offering Procedures, and the simultaneous occurrence of the Effective Date. The Debtors intend that the Accredited Investor Rights Offering Equity will be issued to the Accredited Investor Eligible Holders and/or to any party that an Accredited Investor Eligible Holder so designates in the Accredited Investor Beneficial Holder Subscription Form(s), in book-entry form, and that DTC, or its nominee, will be the holder of record of such Accredited Investor

Rights Offering Equity. To the extent DTC is unwilling or unable to make the Accredited Investor Rights Offering Equity eligible on the DTC system, the Accredited Investor Rights Offering Equity will be issued directly to the Accredited Investor Eligible Holder or its designee.

8. Fractional Shares

No fractional rights or Accredited Investor Rights Offering Equity will be issued in the Accredited Investor Rights Offering. All share allocations (including each Accredited Investor Eligible Holder's Accredited Investor Rights Offering Equity) will be calculated and rounded to the nearest whole share.

9. Validity of Exercise of Accredited Investor Rights

All questions concerning the timeliness, viability, form and eligibility of any exercise of Accredited Investor Rights will be determined in good faith by the Debtors in consultation with the Requisite Commitment Parties, and, if necessary, subject to a final and binding determination by the Bankruptcy Court. The Debtor, with the consent of the Requisite Commitment Parties, may waive or reject any defect or irregularity in, or permit such defect or irregularity to be corrected within such time as they may determine in good faith, the purported exercise of any Accredited Investor Rights. Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Debtors determine in good faith in consultation with the Requisite Commitment Parties.

Before exercising any Accredited Investor Rights, Accredited Investor Eligible Holders should read the Disclosure Statement and the Plan for information relating to the Debtors and the risk factors to be considered.

All calculations, including, to the extent applicable, the calculation of (i) the value of any Accredited Investor Eligible Holder's Allowed Senior Notes Claims for the purposes of the Accredited Investor Rights Offering and (ii) any Accredited Investor Eligible Holder's Accredited Investor Rights Offering Equity, shall be made in good faith by the Company with the consent of the Requisite Commitment Parties and in each case in accordance with any Claim amounts included in the Plan, and any disputes regarding such calculations shall be subject to a final and binding determination by the Bankruptcy Court.

10. Modification of Procedures

With the prior written consent of the Requisite Commitment Parties, the Debtors reserve the right to modify these Accredited Investor Rights Offering Procedures, or adopt additional procedures consistent with these Accredited Investor Rights Offering Procedures to effectuate the Accredited Investor Rights Offering and to issue the Accredited Investor Rights Offering Equity, provided, however, that the Debtors shall provide prompt written notice to each Accredited Investor Eligible Holder of any material modification to these Accredited Investor Rights Offering Procedures made after the Subscription Commencement Date. In so doing, and subject to the consent of the Requisite Commitment Parties, the Debtors may execute and enter into agreements and take further action that the Debtors determine in good faith is necessary and

appropriate to effectuate and implement the Accredited Investor Rights Offering and the issuance of the Accredited Investor Rights Offering Equity.

The Debtors shall undertake reasonable procedures to confirm that each participant in the Accredited Investor Rights Offering is in fact an Accredited Investor Eligible Holder, including, but not limited to, requiring certifications by such participant to that effect and other diligence measures as the Debtors deem reasonably necessary.

11. Inquiries And Transmittal of Documents; Rights Offering Subscription Agent

The Accredited Investor Rights Offering Instructions for Accredited Investor Eligible Holders attached hereto should be carefully read and strictly followed by the Accredited Investor Eligible Holders.

Questions relating to the Accredited Investor Rights Offering should be directed to the Rights Offering Subscription Agent via email to [•]@[•].com (please reference "[•]" in the subject line) or at the following phone number: [•].

The risk of non-delivery of all documents and payments to the Rights Offering Subscription Agent, the Escrow Account and any Nominee is on the Accredited Investor Eligible Holder electing to exercise its Accredited Investor Rights and not the Debtors, the Rights Offering Subscription Agent, or the Backstop Parties.

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED LATER

ACCREDITED INVESTOR RIGHTS OFFERING INSTRUCTIONS FOR ACCREDITED INVESTOR ELIGIBLE HOLDERS

Terms used and not defined herein shall have the meaning assigned to them in the Plan.

To elect to participate in the Accredited Investor Rights Offering, you must follow the instructions set out below:

1. **Insert** the principal amount of the Allowed Senior Notes Claims that you held as of the Record Date in Item 1 of your applicable Accredited Investor Beneficial Holder Subscription Form(s) (if you do not know such amount, please contact your Nominee immediately).

2. **Complete** the calculation in Item 2a of your applicable Accredited Investor Beneficial Holder Subscription Form(s), which calculates the maximum number of Accredited Investor Rights Offering Equity available for you to purchase. Such amount must be rounded down to the nearest whole share.

3. **Complete** the calculation in Item 2b of your applicable Accredited Investor Beneficial Holder Subscription Form(s) to indicate the number of Accredited Investor Rights Offering Equity that you elect to purchase and calculate the aggregate Purchase Price for the Accredited Investor Rights Offering Equity that you elect to purchase.

4. **Read and Complete** the certification in Item 2c and Exhibit A of your Accredited Investor Beneficial Holder Subscription Form(s) certifying that you are an "accredited investor" and you are acquiring the Accredited Investor Rights Offering Equity for your own account or for the account of a qualified institutional buyer.

5. **Confirm** whether you are a Backstop Party pursuant to the representation in Item 3 of your applicable Accredited Investor Beneficial Holder Subscription Form(s). (*This section is only for Backstop Parties, each of whom is aware of their status as a Backstop Party*).

6. **Read, complete and sign** the certification in Item 5 of your applicable Accredited Investor Beneficial Holder Subscription Form(s). Such execution shall indicate your acceptance and approval of the terms and conditions set forth in these Accredited Investor Rights Offering Procedures and your agreement with the representations and acknowledgements by you contained therein.

7. **Read, complete and sign** an IRS Form W-9 if you are a U.S. person. If you are a non-U.S. person, read, complete and sign an appropriate IRS Form W-8. These forms may be obtained from the IRS at its website: www.irs.gov.

8. **Return** your applicable signed Accredited Investor Beneficial Holder Subscription Form(s) to your Nominee in sufficient time to allow your Nominee to process your instructions and prepare and deliver the Master Accredited Investor Subscription Form to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

9. **Arrange for full payment** of the aggregate Purchase Price by wire transfer of immediately available funds, calculated in accordance with Item 2b of your applicable Accredited Investor Beneficial Holder Subscription Form(s). For Accredited Investor Eligible Holders that are not Backstop Parties, please instruct your Nominee to coordinate payment of the Purchase Price and transmit and deliver such payment to the Rights Offering Subscription Agent by the Subscription Expiration Deadline. An Accredited Investor Eligible Holder that is not a Backstop Party should follow the payment instructions as provided in the Master Accredited Investor Subscription Form. Any Backstop Party should follow the payment instructions that will be provided in the Funding Notice, except to the extent of any aggregate Purchase Price previously paid by such Accredited Investor Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement.

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that the Accredited Investor Beneficial Holder Subscription Form(s) must be received by your broker, bank, commercial bank, transfer agent, trust company, dealer, or other agent or nominee (as applicable, the "Nominee") in sufficient time to allow such Nominee to process and deliver the Master Accredited Investor Subscription Form to the Rights Offering Subscription Agent, by the Subscription Expiration Deadline, along with the appropriate funding (with respect to Accredited Investor Eligible Holders that are not Backstop Parties) or the subscription represented by your applicable Accredited Investor Beneficial Holder Subscription Form(s) will not be counted and you will be deemed forever to have relinquished and waived your right to participate in the Accredited Investor Rights Offering.

Accredited Investor Eligible Holders that are Backstop Parties must deliver the appropriate funding directly to the Rights Offering Subscription Agent or to the Escrow Account, as applicable, pursuant to the Funding Notice (except to the extent of any funding previously provided by any such Accredited Investor Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement) no later than the Backstop Funding Deadline.

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM
FOR ACCREDITED INVESTOR RIGHTS OFFERING

FOR USE BY ACCREDITED INVESTOR ELIGIBLE HOLDERS OF
8 3/8% SENIOR NOTES DUE 2019

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [ ], 2017

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that your Accredited Investor Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and Accredited Investor Questionnaire attached as Exhibit A to this Accredited Investor Beneficial Holder Subscription Form (the "Accredited Investor Questionnaire") must be received by your Nominee in sufficient time to allow such Nominee to deliver the Master Accredited Investor Subscription Form, attached hereto, along with completing wire transfer of the aggregate Purchase Price with respect to Accredited Investor Eligible Holders that are not Backstop Parties to the Rights Offering Subscription Agent by the Subscription Expiration Deadline or the subscription represented by your Accredited Investor Beneficial Holder Subscription Form will not be counted and will be deemed forever relinquished and waived.

Accredited Investor Eligible Holders that are Backstop Parties must deliver the appropriate funding directly to the Rights Offering Subscription Agent or the Escrow Account, as applicable (except to the extent of any funding previously provided by any such Accredited Investor Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement), no later than the deadline specified in the Funding Notice (the "Backstop Funding Deadline").

The Accredited Investor Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption provided in Section 4(a)(2) thereof and/or Regulation D promulgated thereunder.

You must complete Exhibit B, if, pursuant to Section 5 of the Accredited Investor Rights Offering Procedures, you are designating any other person to receive all or a portion of the Accredited Investor Rights Offering Equity. Such transferee must also complete an IRS Form W-8 or IRS Form W-9, as applicable. In such case, you must complete Exhibit B and deliver it to the Rights Offering Subscription Agent.

None of the Accredited Investor Rights Offering Equity has been registered under the Securities Act, nor any State or local law requiring registration for offer or sale of a security.

Please consult the Plan, the Disclosure Statement and the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) for additional information with respect to this Accredited Investor Beneficial Holder Subscription Form. Any terms capitalized but not defined herein shall have the meaning as set forth in the Plan or the Accredited Investor Rights Offering Procedures.

If you have any questions, please contact the Rights Offering Subscription Agent via email to [_] (please reference "[_]" in the subject line), or at the following phone number: [_].

The record date for the Accredited Investor Rights Offering is [•], 2017 (the "Record Date").

Item 1. Amount of Notes.

I certify that I am a beneficial holder of 8 3/8% Senior Notes due 2019 (the "Notes"), which pursuant to that Fourth Supplemental Indenture, dated October 8, 2015, where following a merger and restructuring, Vanguard Operating, LLC, a wholly owned subsidiary of Vanguard Natural Resources, LLC, became the sole issuer and primary obligor of the Notes, in the following principal amount as of the Record Date (insert amount on the lines below) or that I am the authorized signatory of that beneficial holder. For purposes of this Accredited Investor Beneficial Holder Subscription Form, do not adjust the principal (face) amount for any accrued or unmatured interest. Accrued prepetition interest is accounted for in the multiplier set forth in Item 2a below. (If a Nominee holds your Notes on your behalf and you do not know the principal amount, please contact your Nominee immediately.)

Insert principal amount of 8 3/8% Senior Notes due 2019 held as of the Record Date.

_____

Item 2. Rights.

2a. Calculation of Maximum Number of Accredited Investor Rights Offering Equity. The maximum number of Accredited Investor Rights Offering Equity for which you may subscribe is calculated as follows:

_____ (Insert principal amount from Item 1 above)	X	[•]	=	_____ (Maximum number of Accredited Investor Rights Offering Equity) (Round down to nearest whole number)

Each Accredited Investor Eligible Holder is entitled to subscribe for [•] Accredited Investor Rights Offering Equity per $1,000 of principal amount of the Notes (the "Maximum Accredited Investor Participation Amount"), subject to the individual limits included in the calculations in the table above. To subscribe, fill out Items 1, 2a, 2b and 3, read Item 4 and read and complete Item 5 below.

2b. Purchase Price. By filling in the following blanks, you are indicating that the undersigned Accredited Investor Eligible Holder is interested in purchasing the number of Accredited Investor Rights Offering Equity specified below (specify a number of Accredited Investor Rights Offering Equity, which is not greater than the Maximum Accredited Investor Participation Amount calculated in Item 2a above), on the terms and subject to the conditions set forth in the Accredited Investor Rights Offering Procedures.

_____ (Indicate number of Accredited Investor Rights Offering Equity you elect to purchase) (Cannot exceed the Maximum Accredited Investor Participation Amount)	X	$[•]	=	$_____ Aggregate Purchase Price

2c. Certification. By checking the box below, you are indicating that the Holder (as defined below):

- ☐ Is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under Section 4(a)(2) of the Securities Act, is acquiring the Accredited Investor Rights Offering Equity solely for its own account for investment or for the account of a qualified institutional buyer solely for investment and has completed (or has had its Authorized Signatory (as defined below) complete on its behalf) the Accredited Investor Questionnaire attached as Exhibit A to this Accredited Investor Beneficial Holder Subscription Form.
- ☐ Has read and understands the Plan, the Disclosure Statement and the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) and the risks associated with the Company and its business as described in the Disclosure Statement. The Holder has, to the extent deemed necessary, discussed with legal counsel the certifications that the Holder is making herein.
- ☐ Recognizes that except as described in the Plan, there is no obligation on the part of the Company or any other person to register the Accredited Investor Rights Offering Equity under the Securities Act or any other securities laws. The Holder understands that it must bear the economic risk of this investment indefinitely unless its Accredited Investor Rights Offering Equity is registered pursuant to the Securities Act or an exemption from such registration is available, and unless the disposition of such Accredited Investor Rights Offering Equity is qualified under applicable state securities laws or an exemption from such qualification is available. The Holder further understands that there is no assurance that any exemption from the Securities Act will be available or, if available, that such exemption will allow the Holder to transfer all or part of its Accredited Investor Rights Offering Equity, in the amounts or at the times the Holder might propose.
- ☐ Is not relying upon any information, representation or warranty by the Company other than as set forth in this Accredited Investor Subscription Form, the Accredited Investor Rights Offering Procedures, the Plan or the Disclosure Statement. The Holder has consulted, to the extent deemed appropriate by the Holder, with the Holder's own advisors to the financial, tax, legal and related matters concerning an investment in the Accredited

Investor Rights Offering Equity and on that basis believes that an investment in the Accredited Investor Rights Offering Equity is suitable and appropriate for the Holder.

- ☐ Confirms that the foregoing certifications will be true on the date hereof and as of the Effective Date and will survive delivery of this Accredited Investor Subscription Form. .

Item 3. Backstop Party Representation.

(*This section is **only** for Backstop Parties, each of whom is aware of its status as a Backstop Party. Please note that checking the box below if you are not a Backstop Party may result in forfeiture of your rights to participate in the Accredited Investor Rights Offering*).

- ☐ I am a Backstop Party identified in the Backstop Agreement dated as of [•], 2017 among Vanguard Natural Resources, LLC and the Backstop Parties signatory thereto (the "Backstop Agreement").

Item 4. Payment and Delivery Instructions

For Accredited Investor Eligible Holders that did not check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds in accordance with the procedures of your Nominee. If your Nominee instructs you to make payment directly to the Rights Offering Subscription Agent, you may do so via the wire instructions below.

For Accredited Investor Eligible Holders that are Backstop Parties and did check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds directly to an escrow account established and maintained by a third party satisfactory to the Backstop Parties that have requested such escrow account or to a segregated account maintained by the Rights Offering Subscription Agent, in each case in accordance with the Funding Notice that will be delivered to you pursuant to the Backstop Agreement (except to the extent of any funding previously provided by any such Accredited Investor Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement). All cash payments with respect to the exercise of the Accredited Investor Rights that are being transmitted to the Rights Offering Subscription Agent shall be made by wire transfer of immediately available funds in accordance with the wire instructions below.

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE PURCHASE PRICE OF A BACKSTOP PARTY WHO CHECKED THE BOX IN ITEM 3 AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please mail or deliver your completed Accredited Investor Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and Accredited Investor Questionnaire) to your Nominee **in sufficient time** to allow such Nominee to deliver the Master Accredited Investor Subscription Form (and associated documentation) and all funds (solely with respect to Accredited Investor Eligible Holders that are not Backstop Parties) to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

PLEASE NOTE: NO SUBSCRIPTION WILL BE VALID UNLESS THIS ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM IS VALIDLY SUBMITTED TO YOUR NOMINEE IN SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO DELIVER THE MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM ALONG WITH THE PURCHASE PRICE (SOLELY WITH RESPECT TO ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) TO THE RIGHTS OFFERING SUBSCRIPTION AGENT BY THE SUBSCRIPTION EXPIRATION DEADLINE.

ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE BACKSTOP PARTIES MUST DELIVER THE APPROPRIATE FUNDING DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT, AS APPLICABLE, NO LATER THAN THE BACKSTOP FUNDING DEADLINE (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH ACCREDITED INVESTOR ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 5. Certification.

The undersigned hereby certifies that (i) as of the Record Date, the undersigned was the beneficial holder of the Notes set forth in Item 1 above (the "Holder"), or the authorized signatory (the "Authorized Signatory") of such holder acting on behalf of the Holder, (ii) the Holder has received a copy of the Plan, the Disclosure Statement and the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) and (iii) the Holder understands that the exercise of the rights under the Accredited Investor Rights Offerings is subject to all the terms and conditions set forth in the Plan, the Accredited Investor Rights Offering Procedures and, if applicable, the Backstop Agreement.

The undersigned represents and acknowledges that the Holder understands that the

Accredited Investor Rights and the Accredited Investor Rights Offering Equity issuable upon exercise of such rights have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Holder's representations as expressed herein or otherwise made pursuant hereto, and that the foregoing cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

The undersigned represents and acknowledges that the Holder is acquiring the Accredited Investor Rights Offering Equity for its own account or accounts or funds over which it holds voting discretion, not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities laws, and such Holder has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities laws.

The undersigned represents and acknowledges that the Holder has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the Accredited Investor Rights Offering Equity, and that such Holder understands and is able to bear any economic risks associated with such investment (including the necessity of holding such securities for an indefinite period of time).

By electing to subscribe for the amount of Accredited Investor Rights Offering Equity designated under Item 2b above, the Holder (or the Authorized Signatory on behalf of the Holder) is hereby instructing its Nominee to arrange for (i) the completion and delivery of its Master Accredited Investor Subscription Form to the Rights Offering Subscription Agent before the Subscription Expiration Deadline and (ii) payment of the Purchase Price listed under Item 2b above by the Subscription Expiration Deadline (solely with respect to Accredited Investor Eligible Holders that are not Backstop Parties).

The Holder (or the Authorized Signatory on behalf of such Holder) acknowledges that, by executing this Accredited Investor Beneficial Holder Subscription Form, the Accredited Investor Eligible Holder named below has elected to subscribe for the number of Accredited Investor Rights Offering Equity designated under Item 2b above and will be bound to pay the Purchase Price listed under Item 2b above for the Accredited Investor Rights Offering Equity it has subscribed for and that it may be liable to the Debtors to the extent of any nonpayment.

Date: _____

Name of Accredited Investor Eligible Holder: _____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

Number of Accredited Investor Rights Offering Equity:
_____

Signature: _____

Name of Signatory: _____

Title: _____

Telephone Number: _____

Fax: _____

Email: _____

PLEASE COMPLETE THE THREE SECTIONS BELOW IF ACCREDITED INVESTOR RIGHTS OFFERING EQUITY IS TO BE ISSUED TO THE ACCREDITED INVESTOR ELIGIBLE HOLDER, AND/OR PLEASE COMPLETE EXHIBIT B IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE ACCREDITED INVESTOR RIGHTS OFFERING EQUITY.

A. Please indicate on the lines provided below the registration name of the Accredited Investor Eligible Holder in whose name the Accredited Investor Rights Offering Equity should be issued, in the event the Accredited Investor Rights Offering Equity is not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

B. DTC Participant for the deposit of Accredited Investor Rights Offering Equity, in the event the Accredited Investor Rights Offering Equity is DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

PLEASE RETURN THIS ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE, AND ACCREDITED INVESTOR QUESTIONNAIRE) ONLY TO YOUR NOMINEE. DO NOT RETURN THIS FORM DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT.

PLEASE REVIEW AND COMPLETE THE ACCREDITED INVESTOR QUESTIONNAIRE ATTACHED AS EXHIBIT A BELOW.

PLEASE COMPLETE EXHIBIT B IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE ACCREDITED INVESTOR RIGHTS OFFERING EQUITY.

EXHIBIT A

IMPORTANT

Accredited Investor Eligible Holder

IN ORDER FOR ACCREDITED INVESTOR ELIGIBLE HOLDERS TO PARTICIPATE IN THE ACCREDITED INVESTOR RIGHTS OFFERING, SUCH ACCREDITED INVESTOR ELIGIBLE HOLDERS MUST COMPLETE THIS ACCREDITED INVESTOR QUESTIONNAIRE. ANY BENEFICIAL OWNER THAT INDICATES "NO" IN QUESTION 1 BELOW IS NOT ELIGIBLE TO PARTICIPATE IN THE ACCREDITED INVESTOR RIGHTS OFFERING.

Question 1. As of the Record Date, is the beneficial owner submitting this Accredited Investor Beneficial Holder Subscription Form an "Accredited Investor" and is the beneficial owner acquiring the Accredited Investor Rights Offering Equity for its own account or for the account of a qualified institutional buyer? _____YES _____NO

If Yes, please indicate which category (e.g., (i) through (viii) of the definition of "Accredited Investor" on Annex A hereto) the beneficial owner falls under. _____

ANNEX A

Definition of an "Accredited Investor"

"Accredited Investor" (pursuant to Rule 501 promulgated under the Securities Act of 1933, as amended (the "Act")) means any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(i) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(iv) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(v) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;[1]

(vi) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

---

[1] Net worth for this purpose means total assets (excluding primary residence but including personal property and other assets) in excess of total liabilities. (In calculating net worth, the related amount of indebtedness secured by the primary residence up to its fair market value may also be excluded. Indebtedness secured by the residence in excess of the value of the home should be considered a liability and deducted from net worth.)

(vii) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(viii) Any entity in which all of the equity owners are accredited investors.

EXHIBIT B

Special Delivery Instructions

IF THERE IS MORE THAN ONE DESIGNEE, COMPLETE A SEPARATE FORM FOR EACH DESIGNEE.
YOU MUST SPECIFY THE NUMBER OF Accredited Investor Rights OFFERING EQUITY FOR EACH DESIGNEE.

Please complete ONLY if Accredited Investor Rights Offering Equity is to be issued in the name of someone OTHER than the Accredited Investor Eligible Holder. Such person(s) must also complete an IRS Form W-8 or IRS Form W-9, as applicable.

Number of Accredited Investor Rights Offering Equity:_____

Issue in the following Name: _____

U.S. Federal Tax EIN/SSN (optional for Non U.S. Persons): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

A. Please indicate on the lines provided below the registration name of the designee in whose name the Accredited Investor Rights Offering Equity should be issued, in the event the Accredited Investor Rights Offering Equity is not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

[Continued next page]

B. DTC Participant for the deposit of Accredited Investor Rights Offering Equity, in the

event the Accredited Investor Rights Offering Equity is DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM
FOR ACCREDITED INVESTOR RIGHTS OFFERING

FOR USE BY ACCREDITED INVESTOR ELIGIBLE HOLDERS

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [•], 2017

For use by brokers, banks, commercial banks, transfer agents, trust companies, dealers, or other agents or nominees for beneficial holders of Vanguard Natural Resources, LLC's 8 3/8% Senior Notes due 2019 (the "Notes") governed by an Indenture, dated as of May 27, 2011 (the "Original Indenture"), providing for the issuance of the Notes by Eagle Rock Energy Partners, L.P. and Eagle Rock Energy Finance Corp. from time to time in an unlimited aggregate principal amount, as supplemented by the First Supplemental Indenture (herein so called) to the Original Indenture, dated as of June 28, 2011, adding a guarantor for the Notes, the Second Supplemental Indenture (herein so called), dated as of November 19, 2012, adding another guarantor for the Notes, the Third Supplemental Indenture (herein so called), dated as of July 1, 2014, making certain amendments to the Indenture in connection with an exchange offer and the Fourth Supplemental Indenture (herein so called), dated October 8, 2015, where following a merger and restructuring, Vanguard Operating, LLC, a wholly owned subsidiary of Vanguard Natural Resources, LLC, became the sole issuer and primary obligor of the Notes. The Original Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture is referred to herein as the "Indenture".

YOUR MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM AND COPIES OF THE ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS AND ACCREDITED INVESTOR QUESTIONNAIRE) MUST BE RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT, BY 4:00 P.M. (CENTRAL TIME) ON [•], 2017, (THE "SUBSCRIPTION EXPIRATION DEADLINE") AND PAYMENTS OF THE PURCHASE PRICE MUST BE RECEIVED BY THE SUBSCRIPTION EXPIRATION DEADLINE (SOLELY WITH RESPECT TO ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) OR THE SUBSCRIPTIONS REPRESENTED BY THIS MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM WILL NOT BE COUNTED AND WILL BE DEEMED FOREVER RELINQUISHED AND WAIVED. NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR ACCREDITED INVESTOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH ACCREDITED INVESTOR ELIGIBLE HOLDER TO THE

RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT) BY THE BACKSTOP FUNDING DEADLINE, ANY TERMS CAPITALIZED BUT NOT DEFINED HEREIN SHALL HAVE THE MEANING AS SET FORTH IN THE PLAN OR THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES.

PLEASE LEAVE SUFFICIENT TIME FOR YOUR MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM TO REACH THE RIGHTS OFFERING SUBSCRIPTION AGENT AND BE PROCESSED.

PLEASE CONSULT THE PLAN AND THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES FOR ADDITIONAL INFORMATION WITH RESPECT TO THIS MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE RIGHTS OFFERING SUBSCRIPTION AGENT VIA EMAIL TO [_] (PLEASE REFERENCE "[_]" IN THE SUBJECT LINE), OR AT THE FOLLOWING PHONE NUMBER: [_]

Item 1. Certification of Authority to Subscribe.

The undersigned certifies that as of the Record Date it (please check the applicable box):

☐ Is a broker, bank or other nominee for the beneficial holders of the Notes listed in Item 2 below, and is the registered holder of such Notes, or

☐ Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by the broker, bank, or other nominee that is the registered holder of the Notes listed in Item 2 below.

Item 2a. Notes Beneficial Holder Information for NON-BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes, as identified by their respective account numbers, that have delivered duly completed Accredited Investor Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	Total Principal Amount of Notes held as of Record Date	Number of Accredited Investor Rights Offering Equity Beneficial Holder Elects to Purchase*	Price per share	Total amount (Purchase Price)
1.			**$[•]**	
2.			**$[•]**	
3.			**$[•]**	
4.			**$[•]**	
5.			**$[•]**	
6.			**$[•]**	
7.			**$[•]**	
8.			**$[•]**	
9.			**$[•]**	
10.			**$[•]**	
TOTALS			**$[•]**	

** Rate = $_____ principal amount X [•] = Maximum number of Accredited Investor Rights (round down to nearest whole number)*

Total amount must be paid by wire transfer ONLY of immediately available funds to the Rights Offering Subscription Agent by the Subscription Expiration Deadline, in accordance with the directions below.

Item 2b. Notes Beneficial Holder Information. BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes **THAT ARE BACKSTOP PARTIES**, as identified by their respective account numbers, that have delivered duly completed Accredited Investor Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	Total Principal Amount of Notes held as of Record Date	Number of Accredited Investor Rights Offering Equity Beneficial Holder Elects to Purchase*	Price per share	Total amount (Purchase Price)
1.			$[•]	
2.			$[•]	
3.			$[•]	
4.			$[•]	
5.			$[•]	
6.			$[•]	
7.			$[•]	
8.			$[•]	
9.			$[•]	
10.			$[•]	
TOTALS			$[•]	

** Rate = $_____ principal amount X [•] = Maximum number of Accredited Investor Rights (round down to nearest whole number)*

NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR ACCREDITED INVESTOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH ACCREDITED INVESTOR ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 3. Payment and Delivery Instructions

A. Insert Purchase Price for non-Backstop Parties set forth in Item 2a:
$_____

All cash payments with respect to the exercise of Accredited Investor Rights that are being transmitted by this Master Accredited Investor Subscription Form with respect to the amount set forth above shall be made by wire transfer ONLY of immediately available funds in accordance with the instructions set forth below.

Account Name :	
Bank Account No.:	

ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	[Insert claimant name in memo field]

B. Insert Purchase Price for Backstop Parties set forth in Item 2b: $_____

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE AMOUNT SET FORTH ABOVE IN ITEM 3B AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please email, mail or deliver your completed Master Accredited Investor Subscription Form (together with any duly completed and received Accredited Investor Beneficial Holder Subscription Forms (with accompanying IRS Forms W-9 or appropriate IRS Form W-8, as applicable) to:

[_]

Questions may also be directed to the Rights Offering Subscription Agent via email to: [_] (please reference "[_]" in the subject line). (Please also see "Note Regarding Email" below.)

PLEASE NOTE: NO SUBSCRIPTION BY AN ACCREDITED INVESTOR ELIGIBLE HOLDER WILL BE VALID UNLESS THIS MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM, TOGETHER WITH THE APPLICABLE DULY COMPLETED AND EXECUTED ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE, AND ACCREDITED INVESTOR QUESTIONNAIRE), ARE VALIDLY SUBMITTED ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE (4:00 P.M. CENTRAL TIME ON [•], 2017) AND SOLELY WITH RESPECT TO ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES, PAYMENT OF THE PURCHASE PRICE IS RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE.

NOTE REGARDING EMAIL

PROPERLY EXECUTED MASTER ACCREDITED INVESTOR SUBSCRIPTION FORMS ALONG WITH RESPECTIVE ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS AND THE ACCREDITED INVESTOR QUESTIONNAIRE) CAN BE E-MAILED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT AT [_] BY THE SUBSCRIPTION EXPIRATION DEADLINE PROVIDED THAT THE ORIGINAL MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM(S) WITH ORIGINAL

MEDALLION STAMP AND SIGNATURE IS DELIVERED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT WITHIN TWO BUSINESS DAYS. PLEASE ATTACH A COPY OF YOUR TRANSMITTAL EMAIL WHEN YOU FORWARD THE ORIGINAL DOCUMENTS.

Item 4. Additional Certification.

The undersigned certifies that for each beneficial holder whose exercise of rights are being transmitted by this Master Accredited Investor Subscription Form (i) it is holding the Notes listed under Item 1 of the Accredited Investor Beneficial Holder Subscription Form on behalf of the beneficial holder, (ii) the beneficial holder is entitled to participate in the Accredited Investor Rights Offering, (iii) the beneficial holder has been provided with a copy of the Plan, the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) and other applicable materials and (iv) true and correct copies of the Accredited Investor Beneficial Holder Subscription Form have been received from each beneficial holder and are being transmitted herewith.

Date: _____

Name of Nominee: _____

DTC Participant Number: _____

Contact Name: _____

Title: _____

Address: _____

Telephone Number: _____

Fax: _____

Email: _____

MEDALLION GUARANTEE:
(In lieu of providing a medallion stamp, a Nominee may provide an original notarized signature on this registration instruction sheet and a list of authorized signatories on the letterhead of the Nominee.)

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM
FOR ACCREDITED INVESTOR RIGHTS OFFERING

FOR USE BY ACCREDITED INVESTOR ELIGIBLE HOLDERS OF
7.875% SENIOR NOTES DUE 2020

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [ ], 2017

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that your Accredited Investor Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and Accredited Investor Questionnaire attached as Exhibit A to this Accredited Investor Beneficial Holder Subscription Form (the "Accredited Investor Questionnaire") must be received by your Nominee in sufficient time to allow such Nominee to deliver the Master Accredited Investor Subscription Form, attached hereto, along with completing wire transfer of the aggregate Purchase Price with respect to Accredited Investor Eligible Holders that are not Backstop Parties to the Rights Offering Subscription Agent by the Subscription Expiration Deadline or the subscription represented by your Accredited Investor Beneficial Holder Subscription Form will not be counted and will be deemed forever relinquished and waived.

Accredited Investor Eligible Holders that are Backstop Parties must deliver the appropriate funding directly to the Rights Offering Subscription Agent or the Escrow Account, as applicable (except to the extent of any funding previously provided by any such Accredited Investor Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement), no later than the deadline specified in the Funding Notice (the "Backstop Funding Deadline").

The Accredited Investor Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption provided in Section 4(a)(2) thereof and/or Regulation D promulgated thereunder.

You must complete Exhibit B, if, pursuant to Section 5 of the Accredited Investor Rights Offering Procedures, you are designating any other person to receive all or a portion of the Accredited Investor Rights Offering Equity. Such transferee must also complete an IRS Form W-8 or IRS Form W-9, as applicable. In such case, you must complete Exhibit B and deliver it to the Rights Offering Subscription Agent.

None of the Accredited Investor Rights Offering Equity has been registered under the Securities Act, nor any State or local law requiring registration for offer or sale of a security.

Please consult the Plan, the Disclosure Statement and the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) for additional information with respect to this Accredited Investor Beneficial Holder Subscription Form. Any terms capitalized but not defined herein shall have the meaning as set forth in the Plan or the Accredited Investor Rights Offering Procedures.

If you have any questions, please contact the Rights Offering Subscription Agent via email to [_] (please reference "[_]" in the subject line), or at the following phone number: [_].

The record date for the Accredited Investor Rights Offering is [•], 2017 (the "Record Date").

Item 1. Amount of Notes.

I certify that I am a beneficial holder of 7.875% Senior Notes due 2020 (the "Notes") co-issued by Vanguard Natural Resources, LLC and VNR Finance Corp. in the following principal amount as of the Record Date (insert amount on the lines below) or that I am the authorized signatory of that beneficial holder. For purposes of this Accredited Investor Beneficial Holder Subscription Form, do not adjust the principal (face) amount for any accrued or unmatured interest. Accrued prepetition interest is accounted for in the multiplier set forth in Item 2a below. (If a Nominee holds your Notes on your behalf and you do not know the principal amount, please contact your Nominee immediately.)

Insert principal amount of 7.875% Senior Notes due 2020 held as of the Record Date.

_____

Item 2. Rights.

2a. Calculation of Maximum Number of Accredited Investor Rights Offering Equity. The maximum number of Accredited Investor Rights Offering Equity for which you may subscribe is calculated as follows:

_____ (Insert principal amount from Item 1 above)	X	[•]	=	_____ (Maximum number of Accredited Investor Rights Offering Equity) (Round down to nearest whole number)

Each Accredited Investor Eligible Holder is entitled to subscribe for [•] Accredited Investor Rights Offering Equity per $1,000 of principal amount of the Notes (the "Maximum Accredited Investor Participation Amount"), subject to the individual limits included in the calculations in the table above. To subscribe, fill out Items 1, 2a, 2b and 3, read Item 4 and read and complete Item 5 below.

2b. Purchase Price. By filling in the following blanks, you are indicating that the undersigned Accredited Investor Eligible Holder is interested in purchasing the number of Accredited Investor Rights Offering Equity specified below (specify a number of Accredited Investor Rights Offering Equity, which is not greater than the Maximum Accredited Investor Participation Amount calculated in Item 2a above), on the terms and subject to the conditions set forth in the Accredited Investor Rights Offering Procedures.

_____ (Indicate number of Accredited Investor Rights Offering Equity you elect to purchase) (Cannot exceed the Maximum Accredited Investor Participation Amount)	X	$[•]	=	$_____ Aggregate Purchase Price

2c. Certification. By checking the box below, you are indicating that the Holder (as defined below):

- ☐ Is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under Section 4(a)(2) of the Securities Act, is acquiring the Accredited Investor Rights Offering Equity solely for its own account for investment or for the account of a qualified institutional buyer solely for investment and has completed (or has had its Authorized Signatory (as defined below) complete on its behalf) the Accredited Investor Questionnaire attached as Exhibit A to this Accredited Investor Beneficial Holder Subscription Form.
- ☐ Has read and understands the Plan, the Disclosure Statement and the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) and the risks associated with the Company and its business as described in the Disclosure Statement. The Holder has, to the extent deemed necessary, discussed with legal counsel the certifications that the Holder is making herein.
- ☐ Recognizes that except as described in the Plan, there is no obligation on the part of the Company or any other person to register the Accredited Investor Rights Offering Equity under the Securities Act or any other securities laws. The Holder understands that it must bear the economic risk of this investment indefinitely unless its Accredited Investor Rights Offering Equity is registered pursuant to the Securities Act or an exemption from such registration is available, and unless the disposition of such Accredited Investor Rights Offering Equity is qualified under applicable state securities laws or an exemption from such qualification is available. The Holder further understands that there is no assurance that any exemption from the Securities Act will be available or, if available, that such exemption will allow the Holder to transfer all or part of its Accredited Investor Rights Offering Equity, in the amounts or at the times the Holder might propose.
- ☐ Is not relying upon any information, representation or warranty by the Company other than as set forth in this Accredited Investor Subscription Form, the Accredited Investor Rights Offering Procedures, the Plan or the Disclosure Statement. The Holder has consulted, to the extent deemed appropriate by the Holder, with the Holder's own advisors to the financial, tax, legal and related matters concerning an investment in the Accredited

Investor Rights Offering Equity and on that basis believes that an investment in the Accredited Investor Rights Offering Equity is suitable and appropriate for the Holder.

☐ Confirms that the foregoing certifications will be true on the date hereof and as of the Effective Date and will survive delivery of this Accredited Investor Subscription Form. .

Item 3. Backstop Party Representation.

(*This section is **only** for Backstop Parties, each of whom is aware of its status as a Backstop Party. Please note that checking the box below if you are not a Backstop Party may result in forfeiture of your rights to participate in the Accredited Investor Rights Offering*).

☐ I am a Backstop Party identified in the Backstop Agreement dated as of [•], 2017 among Vanguard Natural Resources, LLC and the Backstop Parties signatory thereto (the "Backstop Agreement").

Item 4. Payment and Delivery Instructions

For Accredited Investor Eligible Holders that did not check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds in accordance with the procedures of your Nominee. If your Nominee instructs you to make payment directly to the Rights Offering Subscription Agent, you may do so via the wire instructions below.

For Accredited Investor Eligible Holders that are Backstop Parties and did check the box in Item 3, payment of the Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds directly to an escrow account established and maintained by a third party satisfactory to the Backstop Parties that have requested such escrow account or to a segregated account maintained by the Rights Offering Subscription Agent, in each case in accordance with the Funding Notice that will be delivered to you pursuant to the Backstop Agreement (except to the extent of any funding previously provided by any such Accredited Investor Eligible Holder to the Rights Offering Subscription Agent or the Escrow Account in accordance with the terms of the Backstop Agreement). All cash payments with respect to the exercise of the Accredited Investor Rights that are being transmitted to the Rights Offering Subscription Agent shall be made by wire transfer of immediately available funds in accordance with the wire instructions below.

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE PURCHASE PRICE OF A BACKSTOP PARTY WHO CHECKED THE BOX IN ITEM 3 AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please mail or deliver your completed Accredited Investor Beneficial Holder Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and Accredited Investor Questionnaire) to your Nominee **in sufficient time** to allow such Nominee to deliver the Master Accredited Investor Subscription Form (and associated documentation) and all funds (solely with respect to Accredited Investor Eligible Holders that are not Backstop Parties) to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

PLEASE NOTE: NO SUBSCRIPTION WILL BE VALID UNLESS THIS ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM IS VALIDLY SUBMITTED TO YOUR NOMINEE IN SUFFICIENT TIME TO ALLOW YOUR NOMINEE TO DELIVER THE MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM ALONG WITH THE PURCHASE PRICE (SOLELY WITH RESPECT TO ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) TO THE RIGHTS OFFERING SUBSCRIPTION AGENT BY THE SUBSCRIPTION EXPIRATION DEADLINE.

ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE BACKSTOP PARTIES MUST DELIVER THE APPROPRIATE FUNDING DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT, AS APPLICABLE, NO LATER THAN THE BACKSTOP FUNDING DEADLINE (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH ACCREDITED INVESTOR ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 5. Certification.

The undersigned hereby certifies that (i) as of the Record Date, the undersigned was the beneficial holder of the Notes set forth in Item 1 above (the "Holder"), or the authorized signatory (the "Authorized Signatory") of such holder acting on behalf of the Holder, (ii) the Holder has received a copy of the Plan, the Disclosure Statement and the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) and (iii) the Holder understands that the exercise of the rights under the Accredited Investor Rights Offerings is subject to all the terms and conditions set forth in the Plan, the Accredited Investor Rights Offering Procedures and, if applicable, the Backstop Agreement.

The undersigned represents and acknowledges that the Holder understands that the

Accredited Investor Rights and the Accredited Investor Rights Offering Equity issuable upon exercise of such rights have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Holder's representations as expressed herein or otherwise made pursuant hereto, and that the foregoing cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

The undersigned represents and acknowledges that the Holder is acquiring the Accredited Investor Rights Offering Equity for its own account or accounts or funds over which it holds voting discretion, not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities laws, and such Holder has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities laws.

The undersigned represents and acknowledges that the Holder has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the Accredited Investor Rights Offering Equity, and that such Holder understands and is able to bear any economic risks associated with such investment (including the necessity of holding such securities for an indefinite period of time).

By electing to subscribe for the amount of Accredited Investor Rights Offering Equity designated under Item 2b above, the Holder (or the Authorized Signatory on behalf of the Holder) is hereby instructing its Nominee to arrange for (i) the completion and delivery of its Master Accredited Investor Subscription Form to the Rights Offering Subscription Agent before the Subscription Expiration Deadline and (ii) payment of the Purchase Price listed under Item 2b above by the Subscription Expiration Deadline (solely with respect to Accredited Investor Eligible Holders that are not Backstop Parties).

The Holder (or the Authorized Signatory on behalf of such Holder) acknowledges that, by executing this Accredited Investor Beneficial Holder Subscription Form, the Accredited Investor Eligible Holder named below has elected to subscribe for the number of Accredited Investor Rights Offering Equity designated under Item 2b above and will be bound to pay the Purchase Price listed under Item 2b above for the Accredited Investor Rights Offering Equity it has subscribed for and that it may be liable to the Debtors to the extent of any nonpayment.

Date: _____

Name of Accredited Investor Eligible Holder: _____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

Number of Accredited Investor Rights Offering Equity:
_____

Signature: _____

Name of Signatory: _____

Title: _____

Telephone Number: _____

Fax: _____

Email: _____

PLEASE COMPLETE THE THREE SECTIONS BELOW IF ACCREDITED INVESTOR RIGHTS OFFERING EQUITY IS TO BE ISSUED TO THE ACCREDITED INVESTOR ELIGIBLE HOLDER, AND/OR PLEASE COMPLETE EXHIBIT B IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE ACCREDITED INVESTOR RIGHTS OFFERING EQUITY.

A. Please indicate on the lines provided below the registration name of the Accredited Investor Eligible Holder in whose name the Accredited Investor Rights Offering Equity should be issued, in the event the Accredited Investor Rights Offering Equity is not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

B. DTC Participant for the deposit of Accredited Investor Rights Offering Equity, in the event the Accredited Investor Rights Offering Equity is DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

PLEASE RETURN THIS ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORM (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE, AND ACCREDITED INVESTOR QUESTIONNAIRE) ONLY TO YOUR NOMINEE. DO NOT RETURN THIS FORM DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT.

PLEASE REVIEW AND COMPLETE THE ACCREDITED INVESTOR QUESTIONNAIRE ATTACHED AS EXHIBIT A BELOW.

PLEASE COMPLETE EXHIBIT B IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE ACCREDITED INVESTOR RIGHTS OFFERING EQUITY.

EXHIBIT A

IMPORTANT

Accredited Investor Eligible Holder

IN ORDER FOR ACCREDITED INVESTOR ELIGIBLE HOLDERS TO PARTICIPATE IN THE ACCREDITED INVESTOR RIGHTS OFFERING, SUCH ACCREDITED INVESTOR ELIGIBLE HOLDERS MUST COMPLETE THIS ACCREDITED INVESTOR QUESTIONNAIRE. ANY BENEFICIAL OWNER THAT INDICATES "NO" IN QUESTION 1 BELOW IS NOT ELIGIBLE TO PARTICIPATE IN THE ACCREDITED INVESTOR RIGHTS OFFERING.

Question 1. As of the Record Date, is the beneficial owner submitting this Accredited Investor Beneficial Holder Subscription Form an "Accredited Investor" and is the beneficial owner acquiring the Accredited Investor Rights Offering Equity for its own account or for the account of a qualified institutional buyer? _____YES _____NO

If Yes, please indicate which category (e.g., (i) through (viii) of the definition of "Accredited Investor" on Annex A hereto) the beneficial owner falls under. _____

ANNEX A

Definition of an "Accredited Investor"

"Accredited Investor" (pursuant to Rule 501 promulgated under the Securities Act of 1933, as amended (the "Act")) means any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(i) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(iv) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(v) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;[1]

(vi) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

---

[1] Net worth for this purpose means total assets (excluding primary residence but including personal property and other assets) in excess of total liabilities. (In calculating net worth, the related amount of indebtedness secured by the primary residence up to its fair market value may also be excluded. Indebtedness secured by the residence in excess of the value of the home should be considered a liability and deducted from net worth.)

(vii) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(viii) Any entity in which all of the equity owners are accredited investors.

EXHIBIT B

Special Delivery Instructions

IF THERE IS MORE THAN ONE DESIGNEE, COMPLETE A SEPARATE FORM FOR EACH DESIGNEE.
YOU MUST SPECIFY THE NUMBER OF Accredited Investor Rights OFFERING EQUITY FOR EACH DESIGNEE.

Please complete ONLY if Accredited Investor Rights Offering Equity is to be issued in the name of someone OTHER than the Accredited Investor Eligible Holder. Such person(s) must also complete an IRS Form W-8 or IRS Form W-9, as applicable.

Number of Accredited Investor Rights Offering Equity:_____

Issue in the following Name: _____

U.S. Federal Tax EIN/SSN (optional for Non U.S. Persons): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

A. Please indicate on the lines provided below the registration name of the designee in whose name the Accredited Investor Rights Offering Equity should be issued, in the event the Accredited Investor Rights Offering Equity is not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

[Continued next page]

B. DTC Participant for the deposit of Accredited Investor Rights Offering Equity, in the

event the Accredited Investor Rights Offering Equity is DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM
FOR ACCREDITED INVESTOR RIGHTS OFFERING

FOR USE BY ACCREDITED INVESTOR ELIGIBLE HOLDERS

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [•], 2017

For use by brokers, banks, commercial banks, transfer agents, trust companies, dealers, or other agents or nominees for beneficial holders of Vanguard Natural Resources, LLC's 7.875% Senior Notes due 2020 (the "Notes") governed by an Indenture, dated as of April 4, 2012, by and among Vanguard Natural Resources, LLC and VNR Finance Corp., as issuers, and UMB Bank, N.A., as trustee (the "Indenture").

YOUR MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM AND COPIES OF THE ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS AND ACCREDITED INVESTOR QUESTIONNAIRE) MUST BE RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT, BY 4:00 P.M. (CENTRAL TIME) ON [•], 2017, (THE "SUBSCRIPTION EXPIRATION DEADLINE") AND PAYMENTS OF THE PURCHASE PRICE MUST BE RECEIVED BY THE SUBSCRIPTION EXPIRATION DEADLINE (SOLELY WITH RESPECT TO ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES) OR THE SUBSCRIPTIONS REPRESENTED BY THIS MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM WILL NOT BE COUNTED AND WILL BE DEEMED FOREVER RELINQUISHED AND WAIVED. NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR ACCREDITED INVESTOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH ACCREDITED INVESTOR ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT) BY THE BACKSTOP FUNDING DEADLINE, ANY TERMS CAPITALIZED BUT NOT DEFINED HEREIN SHALL HAVE THE MEANING AS SET FORTH IN THE PLAN OR THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES.

PLEASE LEAVE SUFFICIENT TIME FOR YOUR MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM TO REACH THE RIGHTS OFFERING SUBSCRIPTION AGENT AND BE PROCESSED.

PLEASE CONSULT THE PLAN AND THE ACCREDITED INVESTOR RIGHTS OFFERING PROCEDURES FOR ADDITIONAL INFORMATION WITH RESPECT TO

THIS MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE RIGHTS OFFERING SUBSCRIPTION AGENT VIA EMAIL TO [_] (PLEASE REFERENCE "[_]" IN THE SUBJECT LINE), OR AT THE FOLLOWING PHONE NUMBER: [_]

Item 1. Certification of Authority to Subscribe.

The undersigned certifies that as of the Record Date it (please check the applicable box):

☐ Is a broker, bank or other nominee for the beneficial holders of the Notes listed in Item 2 below, and is the registered holder of such Notes, or

☐ Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by the broker, bank, or other nominee that is the registered holder of the Notes listed in Item 2 below.

Item 2a. Notes Beneficial Holder Information for NON-BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes, as identified by their respective account numbers, that have delivered duly completed Accredited Investor Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	**Total Principal Amount of Notes held as of Record Date**	**Number of Accredited Investor Rights Offering Equity Beneficial Holder Elects to Purchase***	**Price per share**	**Total amount (Purchase Price)**
1.			**$[•]**	
2.			**$[•]**	
3.			**$[•]**	
4.			**$[•]**	
5.			**$[•]**	
6.			**$[•]**	
7.			**$[•]**	
8.			**$[•]**	
9.			**$[•]**	
10.			**$[•]**	
TOTALS			**$[•]**	

** Rate = $_____ principal amount X [•] = Maximum number of Accredited Investor Rights (round down to nearest whole number)*

Total amount must be paid by wire transfer ONLY of immediately available funds to the Rights Offering Subscription Agent by the Subscription Expiration Deadline, in accordance with the directions below.

Item 2b. Notes Beneficial Holder Information. BACKSTOP PARTIES ONLY.

The undersigned certifies that as of the Record Date the information provided below (including any information provided on additional sheets attached hereto) is a true and accurate schedule of the beneficial holders of the Notes **THAT ARE BACKSTOP PARTIES**, as identified by their respective account numbers, that have delivered duly completed Accredited Investor Beneficial Holder Subscription Forms to the undersigned, which forms are attached hereto.

(Please complete the information requested below. Attach additional sheets if necessary.)

Name of Beneficial Owner	Total Principal Amount of Notes held as of Record Date	Number of Accredited Investor Rights Offering Equity Beneficial Holder Elects to Purchase*	Price per share	Total amount (Purchase Price)
1.			**$[•]**	
2.			**$[•]**	
3.			**$[•]**	
4.			**$[•]**	
5.			**$[•]**	
6.			**$[•]**	
7.			**$[•]**	
8.			**$[•]**	
9.			**$[•]**	
10.			**$[•]**	
TOTALS			**$[•]**	

** Rate = $_____ principal amount X [•] = Maximum number of Accredited Investor Rights (round down to nearest whole number)*

NO PAYMENTS NEED TO BE MADE BY ANY NOMINEE FOR ACCREDITED INVESTOR RIGHTS EXERCISED BY ANY BACKSTOP PARTIES AS SUCH PARTIES WILL REMIT THEIR PAYMENTS DIRECTLY TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR AN ESCROW ACCOUNT (EXCEPT TO THE EXTENT OF ANY FUNDING PREVIOUSLY PROVIDED BY ANY SUCH ACCREDITED INVESTOR ELIGIBLE HOLDER TO THE RIGHTS OFFERING SUBSCRIPTION AGENT OR THE ESCROW ACCOUNT IN ACCORDANCE WITH THE TERMS OF THE BACKSTOP AGREEMENT).

Item 3. Payment and Delivery Instructions

A. Insert Purchase Price for non-Backstop Parties set forth in Item 2a:
$_____

All cash payments with respect to the exercise of Accredited Investor Rights that are being transmitted by this Master Accredited Investor Subscription Form with respect to the amount set forth above shall be made by wire transfer ONLY of immediately available funds in accordance with the instructions set forth below.

Account Name :	
Bank Account No.:	

ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	[Insert claimant name in memo field]

B. Insert Purchase Price for Backstop Parties set forth in Item 2b: $_____

NO NOMINEE OR BROKER MAY MAKE ANY PAYMENT IN RESPECT OF THE AMOUNT SET FORTH ABOVE IN ITEM 3B AND NO NOMINEE OR BROKER MAY DEDUCT FUNDS FROM THE ACCOUNT OF A BACKSTOP PARTY TO MAKE ANY SUCH PAYMENT.

Please email, mail or deliver your completed Master Accredited Investor Subscription Form (together with any duly completed and received Accredited Investor Beneficial Holder Subscription Forms (with accompanying IRS Forms W-9 or appropriate IRS Form W-8, as applicable) to:

[_]

Questions may also be directed to the Rights Offering Subscription Agent via email to: [_] (please reference "[_]" in the subject line). (Please also see "Note Regarding Email" below.)

PLEASE NOTE: NO SUBSCRIPTION BY AN ACCREDITED INVESTOR ELIGIBLE HOLDER WILL BE VALID UNLESS THIS MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM, TOGETHER WITH THE APPLICABLE DULY COMPLETED AND EXECUTED ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE, AND ACCREDITED INVESTOR QUESTIONNAIRE), ARE VALIDLY SUBMITTED ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE (4:00 P.M. CENTRAL TIME ON [•], 2017) AND SOLELY WITH RESPECT TO ACCREDITED INVESTOR ELIGIBLE HOLDERS THAT ARE NOT BACKSTOP PARTIES, PAYMENT OF THE PURCHASE PRICE IS RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT ON OR BEFORE THE SUBSCRIPTION EXPIRATION DEADLINE.

NOTE REGARDING EMAIL

PROPERLY EXECUTED MASTER ACCREDITED INVESTOR SUBSCRIPTION FORMS ALONG WITH RESPECTIVE ACCREDITED INVESTOR BENEFICIAL HOLDER SUBSCRIPTION FORMS (WITH ACCOMPANYING TAX FORMS AND THE ACCREDITED INVESTOR QUESTIONNAIRE) CAN BE E-MAILED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT AT [_] BY THE SUBSCRIPTION EXPIRATION DEADLINE PROVIDED THAT THE ORIGINAL MASTER ACCREDITED INVESTOR SUBSCRIPTION FORM(S) WITH ORIGINAL

MEDALLION STAMP AND SIGNATURE IS DELIVERED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT WITHIN TWO BUSINESS DAYS. PLEASE ATTACH A COPY OF YOUR TRANSMITTAL EMAIL WHEN YOU FORWARD THE ORIGINAL DOCUMENTS.

Item 4. Additional Certification.

The undersigned certifies that for each beneficial holder whose exercise of rights are being transmitted by this Master Accredited Investor Subscription Form (i) it is holding the Notes listed under Item 1 of the Accredited Investor Beneficial Holder Subscription Form on behalf of the beneficial holder, (ii) the beneficial holder is entitled to participate in the Accredited Investor Rights Offering, (iii) the beneficial holder has been provided with a copy of the Plan, the Accredited Investor Rights Offering Procedures (including the Accredited Investor Rights Offering Instructions attached thereto) and other applicable materials and (iv) true and correct copies of the Accredited Investor Beneficial Holder Subscription Form have been received from each beneficial holder and are being transmitted herewith.

Date: _____

Name of Nominee: _____

DTC Participant Number: _____

Contact Name: _____

Title: _____

Address: _____

Telephone Number: _____

Fax: _____

Email: _____

MEDALLION GUARANTEE:
(In lieu of providing a medallion stamp, a Nominee may provide an original notarized signature on this registration instruction sheet and a list of authorized signatories on the letterhead of the Nominee.)

Exhibit C-3

GUC Rights Offering Procedures and GUC Subscription Form

VANGUARD NATURAL RESOURCES, LLC (THE "COMPANY"), ON BEHALF OF AN ENTITY TO BE FORMED LATER

GUC RIGHTS OFFERING PROCEDURES

The GUC Rights Offering Equity is being distributed and issued by the Debtors without registration under the Securities Act of 1933, as amended (the "Securities Act")[1], in reliance upon the exemption provided by Section 4(a)(2) thereof and/or Regulation D promulgated thereunder. None of the GUC Rights being offered in the GUC Rights Offering or the GUC Rights Offering Equity issuable upon exercise of such rights distributed pursuant to these offering procedures (the "GUC Rights Offering Procedures") have been or will be registered under the Securities Act, nor any state or local law requiring registration for offer and sale of a security, and GUC Rights Offering Equity may not be sold or transferred absent registration under the Securities Act or pursuant to an exemption from registration under the Securities Act.

The record ownership of the GUC Rights is not transferable.

The Disclosure Statement (as defined below) has previously been distributed in connection with the Debtors' solicitation of votes to accept or reject the Plan (as defined below) and that document sets forth important information, including risk factors, that should be carefully read and considered by each Eligible Holder (as defined below) prior to making a decision to participate in the GUC Rights Offering. Additional copies of the Disclosure Statement are available upon request from [ ] or another subscription agent appointed by the Company and satisfactory to the Requisite Commitment Parties (the "Rights Offering Subscription Agent").

Each certificate representing GUC Rights Offering Equity issued upon exercise of a GUC Right, and each certificate issued in exchange for or upon the transfer, sale or assignment of any such GUC Rights Offering Equity, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [ISSUANCE DATE], HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

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[1] **Terms used and not defined herein shall have the meaning assigned to them in the *Joint Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time, the "Plan").**

The GUC Rights Offering is being conducted by the Company on behalf of Reorganized VNR in good faith and in compliance with the Bankruptcy Code. In accordance with Section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participate, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security offered or sold under the plan of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale or purchase of securities.

Eligible Holders should note the following times relating to the GUC Rights Offering:

Date	**Calendar Date**	**Event**
Record Date…….	[•], 2017	The date and time fixed by the Company for the determination of the holders eligible to participate in the GUC Rights Offering.
Subscription Commencement Date ..	[•], 2017	Commencement of the GUC Rights Offering.
Subscription Expiration Deadline …	4:00 p.m. Central Time on [•], 2017	The deadline for Eligible Holders to subscribe for GUC Rights Offering Equity. An Eligible Holder's GUC Subscription Form (as defined below) must be received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

To Eligible Holders:

On May 23, 2017, the Debtors filed the Plan with the United States Bankruptcy Court for the Southern District of Texas and the *Disclosure Statement Relating to the Joint Chapter 11 Plan of Reorganization of Vanguard Natural Resources, LLC, et al., Pursuant to Chapter 11 of the Bankruptcy Code (*as may be amended from time to time in accordance with its terms, the "Disclosure Statement"). Pursuant to the Plan, Encana Oil & Gas (USA) Inc. ("Encana") and each holder of a General Unsecured Claim as of the Record Date that has elected to receive distributions from the GUC Equity Pool, is an "accredited investor" (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act) and that is acquiring the GUC Rights Offering Equity for its own account or for the account of a "qualified institutional buyer" (as defined in Section (a)(1) of Rule 144A promulgated under the Securities Act) and makes certain certifications in connection with such acquisition (each such holder, a "GUC Eligible Holder" and, together with Encana, each an "Eligible Holder" and, collectively, the "Eligible Holders") has a right to participate in the GUC Rights Offering, in accordance with the terms and conditions of these GUC Rights Offering Procedures. Only holders of Encana Claims and holders of General Unsecured Claims (that have elected to receive distributions from the GUC Equity Pool) that timely and validly complete and return the Accredited Investor Questionnaire included as Exhibit A to the GUC Subscription Form(s) may participate in the GUC Rights Offering of the GUC Rights Offering Equity.

Pursuant to the Plan, each Eligible Holder that has timely and validly completed and returned the Accredited Investor Questionnaire to the Rights Offering Subscription Agent in advance of the Subscription Expiration Deadline will receive rights to subscribe for up to its Claim Share (as defined below) of a rights offering of GUC Rights Offering Equity in an aggregate amount equal to the GUC Rights Offering Amount, provided that it timely and properly executes and delivers the attached GUC Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and Accredited Investor Questionnaire) (the "GUC Subscription Form") to the Rights Offering Subscription Agent in advance of the Subscription Expiration Deadline. Failure to submit such GUC Subscription Forms on a timely basis will result in forfeiture of a GUC Eligible Holder's rights to participate in the GUC Rights Offering. None of the Company or the Rights Offering Subscription Agent will have any liability for any such failure.

An Eligible Holder's "Claim Share" is: (a) with respect to Encana, 21.86% of the Encana Claims; and (b) with respect to each GUC Eligible Holder, 21.86% of such holder's General Unsecured Claim (subject to a maximum amount for all GUC Eligible Holders, following any reductions as calculated below, of $7,651,000, the "Maximum Allowed GUC Claims Shares"). An Eligible Holder's Claim Share results in a number of shares of New Common Stock (the "Maximum Participation Amount") equal to such Claim Share divided by the Purchase Price.

If all or any portion of an Eligible Holder's Encana Claim or General Unsecured Claim is determined not to be an Allowed Encana Claim or an Allowed General Unsecured Claim, the Maximum Participation Amount of such holder will be reduced such that the Maximum Participation Amount is calculated based only on such holder's Allowed Encana Claim or

Allowed General Unsecured Claim (such reduced Maximum Participation Amount, the "Reduced Maximum Participation Amount"). If such reduction is made and the number of GUC Rights Offering Equity elected to be subscribed by such holder (the "Maximum Subscribed Shares") exceeds such holder's Reduced Maximum Participation Amount, such holder's Maximum Subscribed Shares will be reduced to equal the Reduced Maximum Participation Amount.

In the event the Maximum Subscribed Shares validly subscribed for by all holders of Allowed General Unsecured Claims exceed the number of shares obtained by dividing the Maximum Allowed GUC Claims Shares by the Purchase Price (such number of shares, the "Maximum Aggregate GUC Participation Amount"), each GUC Eligible Holder shall be entitled to purchase a number of shares (the "Reduced GUC Rights Offering Shares") equal to its Maximum Subscribed Shares multiplied by the quotient obtained by dividing 1 by the quotient obtained by dividing the aggregate amount of Maximum Subscribed Shares validly requested by all GUC Eligible Holders by the Maximum Aggregate GUC Participation Amount.

If the Maximum Subscribed Shares validly subscribed for by all holders of Allowed General Unsecured Claims are less than the Maximum Aggregate GUC Participation Amount, each GUC Eligible Holder's Maximum Subscribed Shares shall be its "Subscribed Shares" for purposes hereof. Otherwise, a GUC Eligible Holder's Reduced GUC Rights Offering Shares shall be its "Subscribed Shares". With respect to Encana, Encana's Maximum Subscribed Shares, calculated as described above, shall be its "Subscribed Shares".

In the event that funds received by the Rights Offering Subscription Agent from any Eligible Holder do not correspond to the aggregate purchase price payable for such Eligible Holder's Subscribed Shares, the number of Subscribed Shares deemed to be purchased by the Eligible Holder pursuant to the GUC Rights Offering will be the lesser of (i) the number of Subscribed Shares and (ii) a number determined by dividing the amount of such funds received by the Purchase Price, and rounding down to the nearest whole number.

No Eligible Holder shall be entitled to participate in the GUC Rights Offering unless the aggregate Purchase Price for the GUC Rights Offering Equity it subscribes for is received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline. No interest is payable on any advanced funding of the Purchase Price. If the GUC Rights Offering is terminated for any reason, the Purchase Price previously received by the Rights Offering Subscription Agent will be returned to Eligible Holders as provided in Section 6 hereof. No interest will be paid on any returned Purchase Price.

In order to participate in the GUC Rights Offering, an Eligible Holder must complete all of the steps outlined below. If all of the steps outlined below are not completed by the Subscription Expiration Deadline, an Eligible Holder shall be deemed to have forever and irrevocably relinquished and waived its right to participate in the GUC Rights Offering.

1. GUC Rights Offering

Eligible Holders have the right, but not the obligation, to participate in the GUC Rights Offering. Only holders of General Unsecured Claims that are GUC Eligible Holders that elect to receive distributions from the GUC Equity Pool and Encana, in each case to the extent such party completes the Accredited Investor Questionnaire included as Exhibit A to the GUC Subscription Form may participate in the GUC Rights Offering.

Eligible Holders shall receive rights to subscribe for their Claim Share of the GUC Rights Offering Equity.

Subject to the terms and conditions set forth in the Plan and these GUC Rights Offering Procedures, each Eligible Holder is entitled to subscribe for, per $1,000 of principal amount of Encana Claims or General Unsecured Claims it holds, up to [•] GUC Rights Offering Equity, at a purchase price of $[•] per share (the "Purchase Price").

Any GUC Rights Offering Equity that are unsubscribed by the Eligible Holders will be cancelled.

Any Eligible Holder that subscribes for GUC Rights Offering Equity will be subject to restrictions under the Securities Act on its ability to re-sell those securities. Resale restrictions are discussed in more detail in Article XII of the Disclosure Statement, titled "Certain Securities Law Matters."

SUBJECT TO THE TERMS AND CONDITIONS OF THE GUC RIGHTS OFFERING PROCEDURES, ALL SUBSCRIPTIONS SET FORTH IN THE GUC SUBSCRIPTION FORM ARE IRREVOCABLE, EXCEPT AS DESCRIBED UNDER "TRANSFER RESTRICTIONS; REVOCATION BELOW".

2. Subscription Period

The GUC Rights Offering will commence on the Subscription Commencement Date and will expire at the Subscription Expiration Deadline. Each Eligible Holder intending to purchase GUC Rights Offering Equity in the GUC Rights Offering must affirmatively elect to exercise its GUC Rights in the manner set forth in the GUC Subscription Form by the Subscription Expiration Deadline.

Any exercise of GUC Rights by an Eligible Holder after the Subscription Expiration Deadline will not be allowed and any purported exercise received by the Rights Offering Subscription Agent after the Subscription Expiration Deadline, regardless of when the documents or payment relating to such exercise were sent, will not be honored, except that the Company shall have the discretion, with the consent of the Senior Commitment Parties holding at least two-thirds of the aggregate Backstop Commitments (as identified in Schedule I to the Backstop Agreement) as of the date on which such consent is solicited (the "Requisite Commitment Parties"), to allow any exercise of GUC Rights after the Subscription Expiration Deadline.

The Subscription Expiration Deadline may be extended with the consent of the Requisite Commitment Parties, or as required by law.

3. Delivery of Subscription Documents

Each Eligible Holder may exercise all or any portion of such Eligible Holder's GUC Rights, but subject to the terms and conditions contained herein. In order to facilitate the exercise of the GUC Rights, beginning on the Subscription Commencement Date, the applicable GUC Subscription Form and these GUC Rights Offering Procedures will be sent to each Eligible Holder, together with appropriate instructions for the proper completion, due execution and timely delivery of the executed GUC Subscription Form and the payment of the applicable aggregate Purchase Price for its GUC Rights Offering Equity.

4. Exercise of GUC Rights

(a) In order to validly exercise its GUC Rights, each Eligible Holder must:

i. return duly completed and executed applicable GUC Subscription Form(s) to the Rights Offering Subscription Agent so that such documents are actually received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline; and

ii. at the same time it returns its GUC Subscription Form(s) to the Rights Offering Subscription Agent, but in no event later than the Subscription Expiration Deadline, pay the applicable aggregate Purchase Price to the Rights Offering Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the GUC Subscription Form.

(b) In the event that the funds received by the Rights Offering Subscription Agent from any Eligible Holder do not correspond to the aggregate Purchase Price payable for such Eligible Holder's Subscribed Shares, the number of Subscribed Shares deemed to be purchased by such Eligible Holder will be the lesser of (i) the number of Subscribed Shares and (ii) a number determined by dividing the amount of the funds received by the Purchase Price, and rounding down to the nearest whole number.

(c) The cash paid to the Rights Offering Subscription Agent in accordance with these GUC Rights Offering Procedures will be deposited and held by the Rights Offering Subscription Agent in a segregated account until released to the Debtors in connection with the settlement of the GUC Rights Offering on the Effective Date. The Rights Offering Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Rights Offering Subscription Agent hereunder shall not be deemed part of the Debtors' bankruptcy estates.

5. Transfer Restriction; Revocation

The record ownership in the GUC Rights is not transferable. If any GUC Rights are transferred by an Eligible Holder in contravention of the foregoing, the GUC Rights will be cancelled, and neither such Eligible Holder nor the purported transferee will receive any GUC Rights Offering Equity otherwise purchasable on account of such transferred GUC Rights. Any Encana Claims or General Unsecured Claims traded after the Record Date will not be traded with the Rights attached.

Once an Eligible Holder has properly exercised its GUC Rights, subject to the terms and conditions contained in these GUC Rights Offering Procedures, such exercise will be irrevocable, provided that to the extent that any subscription is reduced as more fully described above, the applicable Purchase Price will be returned, without interest, as soon as reasonably practicable following settlement of the GUC Rights Offering with respect to such Eligible Holder, but in any event, within six (6) Business Days thereafter.

6. Termination/Return of Payment

Unless the Effective Date has occurred, the GUC Rights Offering will be deemed automatically terminated without any action of any party upon the earlier of (i) termination of the Plan or rejection of the Plan by all classes entitled to vote, (ii) termination of the RSA in accordance with its terms, (iii) termination of the Backstop Agreement in accordance with its terms and (iv) the Outside Date (as defined in the Backstop Agreement) (as the such date may be extended pursuant to the terms of the Backstop Agreement), except, in each case, in connection with the occurrence of Effective Date or to the extent the Effective Date has already occurred. In the event the GUC Rights Offering is terminated, any payments received pursuant to these GUC Rights Offering Procedures will be returned, without interest, to the applicable GUC Eligible Holder as soon as reasonably practicable, but in any event, within six (6) Business Days after the date of termination.

7. Settlement of the GUC Rights Offering and Distribution of the GUC Rights Offering Equity

The settlement of the GUC Rights Offering is conditioned on confirmation of the Plan by the Bankruptcy Court, compliance by the Debtors with these GUC Rights Offering Procedures, and the simultaneous occurrence of the Effective Date. The Debtors intend that the GUC Rights Offering Equity will be issued on (i) with respect to Encana, the later of the Effective Date and the date on which all Disputed Encana Claims are Allowed or otherwise resolved, (ii) with respect to GUC Eligible Holders, (1) the later of the Effective Date and the date on which all Disputed General Unsecured Claims are Allowed or otherwise resolved or (2) with respect to any GUC Eligible Holder, promptly following the date on which such holder's General Unsecured Claim has become allowed and the aggregate amount of Allowed General Unsecured Claims and all Asserted General Unsecured Claims is not in excess of $35,000,000 in each case to the Eligible Holders and/or to any party that an Eligible Holder so designates in the GUC Subscription Form(s), in book-entry form, and that DTC, or its nominee, will be the holder of record of such GUC Rights Offering Equity. To the extent DTC is unwilling or unable to make

the GUC Rights Offering Equity eligible on the DTC system, the GUC Rights Offering Equity will be issued directly to the Eligible Holder or its designee.

An Allowed General Unsecured Claim is an unsecured claim against a Debtor which (i) was listed on the Debtors' Schedules of Assets and Liabilities and not marked as "contingent" "disputed" or "unliquidated", (ii) allowed by an order of the Bankruptcy Court, or (iii) temporarily allowed pursuant to Bankruptcy Rule 3018 by an order of the Bankruptcy Court or a stipulation with the Debtors.

An Asserted General Unsecured Claim is a claim asserted in a proof of claim with respect to an executory contract or unexpired lease pending the rejection of such contract or lease that is not an Allowed General Unsecured Claim.

8. Fractional Shares

No fractional rights or GUC Rights Offering Equity will be issued in the GUC Rights Offering. All share allocations (including each Eligible Holder's GUC Rights Offering Equity) will be calculated and rounded to the nearest whole share.

9. Validity of Exercise of GUC Rights

All questions concerning the timeliness, viability, form and eligibility of any exercise of GUC Rights will be determined in good faith by the Debtors in consultation with the Requisite Commitment Parties, and, if necessary, subject to a final and binding determination by the Bankruptcy Court. The Debtor, with the consent of the Requisite Commitment Parties, may waive or reject any defect or irregularity in, or permit such defect or irregularity to be corrected within such time as they may determine in good faith, the purported exercise of any GUC Rights. GUC Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Debtors determine in good faith in consultation with the Requisite Commitment Parties.

Before exercising any GUC Rights, Eligible Holders should read the Disclosure Statement and the Plan for information relating to the Debtors and the risk factors to be considered.

All calculations, including, to the extent applicable, the calculation of (i) the value of any Eligible Holder's Allowed Encana Claims or Allowed General Unsecured Claims for the purposes of the GUC Rights Offering and (ii) any Eligible Holder's Rights Offering Equity, shall be made in good faith by the Company with the consent of the Requisite Commitment Parties and in each case in accordance with any Claim amounts included in the Plan, and any disputes regarding such calculations shall be subject to a final and binding determination by the Bankruptcy Court.

10. Modification of Procedures

With the prior written consent of the Requisite Commitment Parties, the Debtors reserve

the right to modify these GUC Rights Offering Procedures, or adopt additional procedures consistent with these GUC Rights Offering Procedures to effectuate the GUC Rights Offering and to issue the GUC Rights Offering Equity, provided, however, that the Debtors shall provide prompt written notice to each Eligible Holder of any material modification to these GUC Rights Offering Procedures made after the Subscription Commencement Date. In so doing, and subject to the consent of the Requisite Commitment Parties, the Debtors may execute and enter into agreements and take further action that the Debtors determine in good faith is necessary and appropriate to effectuate and implement the GUC Rights Offering and the issuance of the GUC Rights Offering Equity.

The Debtors shall undertake reasonable procedures to confirm that each participant in the GUC Rights Offering is in fact an Eligible Holder, including, but not limited to, requiring certifications by such participant to that effect and other diligence measures as the Debtors deem reasonably necessary.

11. Inquiries And Transmittal of Documents; Rights Offering Subscription Agent

The GUC Rights Offering Instructions for Eligible Holders attached hereto should be carefully read and strictly followed by the Eligible Holders.

Questions relating to the GUC Rights Offering should be directed to the Rights Offering Subscription Agent via email to [•]@[•].com (please reference "[•]" in the subject line) or at the following phone number: [•].

The risk of non-delivery of all documents and payments to the Rights Offering Subscription Agent is on the Eligible Holder electing to exercise its GUC Rights and not the Debtors, the Rights Offering Subscription Agent, or the Requisite Commitment Parties.

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED LATER

GUC RIGHTS OFFERING INSTRUCTIONS FOR ELIGIBLE HOLDERS

Terms used and not defined herein shall have the meaning assigned to them in the Plan.

To elect to participate in the GUC Rights Offering, you must follow the instructions set out below:

1. **Insert** the principal amount of the Encana Claim or General Unsecured Claim that you held as of the Record Date in Item 1 of your GUC Subscription Form.

2. **Complete** the calculation in Item 2a of your GUC Subscription Form, which calculates the maximum number of GUC Rights Offering Equity available for you to purchase. Such amount must be rounded down to the nearest whole share.

3. **Complete** the calculation in Item 2b of your GUC Subscription Form to indicate the number of GUC Rights Offering Equity that you elect to purchase and calculate the aggregate Purchase Price for the GUC Rights Offering Equity that you elect to purchase.

4. **Read and Complete** the certification in Item 2c and Exhibit A of your GUC Subscription Form certifying that you are an "accredited investor" and you are acquiring the GUC Rights Offering Equity for your own account or for the account of a qualified institutional buyer.

5. **Read, complete and sign** the certification in Item 4 of your GUC Subscription Form. Such execution shall indicate your acceptance and approval of the terms and conditions set forth in these GUC Rights Offering Procedures and your agreement with the representations and acknowledgements by you contained therein.

6. **Read, complete and sign** an IRS Form W-9 if you are a U.S. person. If you are a non-U.S. person, read, complete and sign an appropriate IRS Form W-8. These forms may be obtained from the IRS at its website: www.irs.gov.

7. **Return** your signed GUC Subscription Form to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

8. **Arrange for full payment** of the aggregate Purchase Price by wire transfer of immediately available funds, calculated in accordance with Item 2b of your GUC Subscription Form, in accordance with the payment instructions in item 3 of the GUC Subscription Form, to the Rights Offering Subscription Agent by the Subscription Expiration Deadline.

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that the GUC Subscription Form(s) must be received by the Rights Offering Subscription Agent by the Subscription Expiration Deadline, along with the appropriate funding, or the subscription represented by your GUC Subscription Form will not be counted and you will be deemed forever to have relinquished and waived your right to participate in the GUC Rights Offering.

VANGUARD NATURAL RESOURCES, LLC,
ON BEHALF OF AN ENTITY TO BE FORMED AT A LATER DATE

GUC SUBSCRIPTION FORM
FOR GUC RIGHTS OFFERING

FOR USE BY GUC ELIGIBLE HOLDERS AND ENCANA OIL & GAS (USA) INC.

IN CONNECTION WITH DEBTORS'
DISCLOSURE STATEMENT DATED [ ], 2017

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. Central Time on [•], 2017.

Please note that your GUC Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and Accredited Investor Questionnaire attached as Exhibit A to this GUC Subscription Form (the "Accredited Investor Questionnaire") must be received by the Rights Offering Subscription Agent, along with completing wire transfer of the aggregate Purchase Price to the Rights Offering Subscription Agent, by the Subscription Expiration Deadline or the subscription represented by your GUC Subscription Form will not be counted and will be deemed forever relinquished and waived.

THE GUC RIGHTS OFFERING EQUITY IS BEING DISTRIBUTED AND ISSUED BY THE DEBTORS WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON THE EXEMPTION PROVIDED IN SECTION 4(A)(2) THEREOF AND/OR REGULATION D PROMULGATED THEREUNDER.

You must complete Exhibit B, if, pursuant to Section 5 of the GUC Rights Offering Procedures, you are designating any other person to receive all or a portion of the GUC Rights Offering Equity. Such transferee must also complete an IRS Form W-8 or IRS Form W-9, as applicable. In such case, you must complete Exhibit B and deliver it to the Rights Offering Subscription Agent.

None of the GUC Rights Offering Equity has been registered under the Securities Act, nor any State or local law requiring registration for offer or sale of a security.

Please consult the Plan, the Disclosure Statement and the GUC Rights Offering Procedures (including the GUC Rights Offering Instructions attached thereto) for additional information with respect to this GUC Subscription Form. Any terms capitalized but not defined herein shall have the meaning as set forth in the Plan or the GUC Rights Offering Procedures.

If you have any questions, please contact the Rights Offering Subscription Agent via email

to [_] (please reference "[_]" in the subject line), or at the following phone number: [_].

The record date for the GUC Rights Offering is [•], 2017 (the "Record Date").

Item 1. Amount of Notes.

I certify that I am the holder of an Encana Claim or General Unsecured Claims in the following aggregate amount as of the Record Date (insert aggregate amount on the line below) and, in the case of a holder of a General Unsecured Claim, I have elected to receive a distribution from the GUC Equity Pool, or that I am the authorized signatory of that holder.

For purposes of this form, an "Encana Claim" is an Allowed Encana Claim or a Disputed Encana Claim (each as defined in the Plan) and a "General Unsecured Claim" is an Allowed General Unsecured Claim and/or an Asserted General Unsecured Claim.

An Allowed General Unsecured Claim is an unsecured claim against a Debtor which (i) was listed on the Debtors' Schedules of Assets and Liabilities and not marked as "contingent" "disputed" or "unliquidated", (ii) allowed by an order of the Bankruptcy Court, or (iii) temporarily allowed pursuant to Bankruptcy Rule 3018 by an order of the Bankruptcy Court or a stipulation with the Debtors.

An Asserted General Unsecured Claim is a claim asserted in a proof of claim with respect to an executory contract or unexpired lease pending the rejection of such contract or lease that is not an Allowed General Unsecured Claim.

Holders of General Unsecured Claims who have elected to receive a distribution from the GUC Cash Pool are not entitled to participate in the GUC Rights Offering and should not complete this form.

Insert amount of Encana Claims or General Unsecured Claims held as of the Record Date.

_____

Item 2. Rights.

2a. Calculation of Maximum Number of GUC Rights Offering Equity. The maximum number of GUC Rights Offering Equity for which you may subscribe is calculated as follows:

_____ (Insert principal amount from Item 1 above)	X	[•]	=	_____ (Maximum number of GUC Rights Offering Equity) (Round down to nearest whole number)

Each of Encana and each GUC Eligible Holder is entitled to subscribe for [•] GUC Rights Offering Equity per $1,000 of Encana Claims or General Unsecured Claims, as applicable (the "Maximum Participation Amount"), subject to the individual limits included in the calculations in the table above. To subscribe, read and complete Items 1, 2a and 2b, read and complete Item 2c, read Item 3 and read and complete Item 4 below. If all or any portion of your Encana Claim

or General Unsecured Claim is determined not to be an Allowed Encana Claim or an Allowed General Unsecured Claim, respectively, your Maximum Participation Amount will be reduced accordingly based on your final Allowed Encana Claim or Allowed General Unsecured Claim, respectively, pursuant to the GUC Rights Offering Procedures.

2b. Purchase Price. By filling in the following blanks, you are indicating that Encana or the undersigned GUC Eligible Holder is interested in purchasing the number of GUC Rights Offering Equity specified below, on the terms and subject to the conditions set forth in the GUC Rights Offering Procedures. To complete this item, specify a number of GUC Rights Offering Equity, which is not greater than the Maximum Participation Amount calculated in Item 2a above, and calculate the aggregate Purchase Price therefor.

_____ (Indicate number of GUC Rights Offering Equity you elect to purchase) (Cannot exceed the Maximum Participation Amount)	X	$[•]	=	$_____ Aggregate Purchase Price

Under the Plan, the total number of GUC Rights Offering Equity that Holders of Allowed General Unsecured Claims may purchase is capped at [ ] shares. If every Holder of an Allowed General Unsecured Claim elected to purchase its maximum amount of GUC Rights Offering Equity in the GUC Rights Offering, [ ] GUC Rights Offering Equity would be subscribed. In the event the number of GUC Rights Offering Equity validly subscribed for by the Holders of Allowed General Unsecured Claims exceeds the cap above, each Holder of Allowed General Unsecured Claim's valid subscription will be cut back proportionately among all validly subscribing Holders of Allowed General Unsecured Claims.

If all or any portion of your Encana Claim or General Unsecured Claim is determined not to be an Allowed Encana Claim or an Allowed General Unsecured Claim and your Maximum Participation Amount is reduced in accordance with the terms of the GUC Rights Offering Procedures and if the number of GUC Rights Offering Equity which you subscribed and paid for exceeds your reduced Maximum Participation Amount, you will be deemed to have elected to subscribe for a number of GUC Rights Offering Equity equal to the reduced Maximum Participation Amount.

2c. Certification. By checking the box below, you are indicating that the Holder (as defined below):

☐ Is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under Section 4(a)(2) of the Securities Act, is acquiring the GUC Rights Offering Equity solely for its own account for investment or for the account of a qualified institutional buyer solely for investment and has completed (or has had its Authorized Signatory (as

defined below) complete on its behalf) the Accredited Investor Questionnaire attached as Exhibit A to this GUC Subscription Form.

- Has read and understands the Plan, the Disclosure Statement and the GUC Rights Offering Procedures (including the GUC Rights Offering Instructions attached thereto) and the risks associated with the Company and its business as described in the Disclosure Statement. The Holder has, to the extent deemed necessary, discussed with legal counsel the certifications that the Holder is making herein.
- Recognizes that except as described in the Plan, there is no obligation on the part of the Company or any other person to register the GUC Rights Offering Equity under the Securities Act or any other securities laws. The Holder understands that it must bear the economic risk of this investment indefinitely unless its GUC Rights Offering Equity is registered pursuant to the Securities Act or an exemption from such registration is available, and unless the disposition of such GUC Rights Offering Equity is qualified under applicable state securities laws or an exemption from such qualification is available. The Holder further understands that there is no assurance that any exemption from the Securities Act will be available or, if available, that such exemption will allow the Holder to transfer all or part of its GUC Rights Offering Equity, in the amounts or at the times the Holder might propose.
- Is not relying upon any information, representation or warranty by the Company other than as set forth in this GUC Subscription Form, the GUC Rights Offering Procedures, the Plan or the Disclosure Statement. The Holder has consulted, to the extent deemed appropriate by the Holder, with the Holder's own advisors to the financial, tax, legal and related matters concerning an investment in the GUC Rights Offering Equity and on that basis believes that an investment in the GUC Rights Offering Equity is suitable and appropriate for the Holder.
- Confirms that the foregoing certifications will be true on the date hereof and as of the Effective Date and will survive delivery of this GUC Subscription Form. .

Item 3. Payment and Delivery Instructions

Payment of the aggregate Purchase Price calculated pursuant to Item 2b above shall be made by wire transfer ONLY of immediately available funds in accordance with the wire instructions below.

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	

Reference:	

Please mail or deliver your completed GUC Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable, and Accredited Investor Questionnaire) to the Rights Offering Subscription Agent at:

[•]
[Address]
Attn: [•]
Tel#: [•]
Email: [•]

PLEASE NOTE: NO SUBSCRIPTION WILL BE VALID UNLESS THIS GUC SUBSCRIPTION FORM (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE, AND ACCREDITED INVESTOR QUESTIONNAIRE) ALONG WITH THE APPROPRIATE FUNDS ARE VALIDLY SUBMITTED TO THE RIGHTS OFFERING SUBSCRIPTION AGENT AND RECEIVED BY THE RIGHTS OFFERING SUBSCRIPTION AGENT BY THE SUBSCRIPTION EXPIRATION DEADLINE.

Item 4. Certification.

The undersigned hereby certifies that (i) as of the Record Date, the undersigned was either Encana or the holder of the General Unsecured Claims set forth in Item 1 above (the "Holder"), or the authorized signatory (the "Authorized Signatory") of such holder acting on behalf of the Holder, (ii) the Holder has received a copy of the Plan, the Disclosure Statement and the GUC Rights Offering Procedures (including the GUC Rights Offering Instructions attached thereto) and (iii) the Holder understands that the exercise of the rights under the GUC Rights Offerings is subject to all the terms and conditions set forth in the Plan and the GUC Rights Offering Procedures.

The undersigned represents and acknowledges that the Holder understands that the GUC Rights and the GUC Rights Offering Equity issuable upon exercise of such rights have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Holder's representations as expressed herein or otherwise made pursuant hereto, and that the foregoing cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

The undersigned represents and acknowledges that the Holder is acquiring the GUC Rights Offering Equity for its own account or accounts or funds over which it holds voting discretion, not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities laws, and such Holder has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities laws.

The undersigned represents and acknowledges that the Holder has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the GUC Rights Offering Equity, and that such Holder understands and is able to bear any economic risks associated with such investment (including the necessity of holding such securities for an indefinite period of time).

The Holder (or the Authorized Signatory on behalf of such Holder) acknowledges that, by executing this GUC Subscription Form, Encana or the GUC Eligible Holder named below, as applicable, has elected to subscribe for the number of GUC Rights Offering Equity designated under Item 2b above and will be bound to pay the aggregate Purchase Price listed under Item 2b above for the GUC Rights Offering Equity it has subscribed for and that it may be liable to the Debtors to the extent of any nonpayment.

Date: _____

Name of Holder of Encana Claim or General Unsecured Claim:

_____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

Number of GUC Rights Offering Equity: _____

Signature: _____

Name of Signatory: _____

Title: _____

Telephone Number: _____

Fax: _____

Email: _____

PLEASE COMPLETE THE THREE SECTIONS BELOW IF GUC RIGHTS OFFERING EQUITY IS TO BE ISSUED TO THE CLAIM HOLDER NAMED ABOVE, AND/OR PLEASE COMPLETE EXHIBIT B IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE GUC RIGHTS OFFERING EQUITY.

A. Please indicate on the lines provided below the registration name of the GUC Eligible Holder in whose name the GUC Rights Offering Equity should be issued, in the event the GUC Rights Offering Equity is not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

B. DTC Participant for the deposit of GUC Rights Offering Equity, in the event the GUC Rights Offering Equity is DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

PLEASE RETURN THIS GUC SUBSCRIPTION FORM (WITH ACCOMPANYING IRS FORM W-9 OR APPROPRIATE IRS FORM W-8, AS APPLICABLE, AND ACCREDITED INVESTOR QUESTIONNAIRE) TO THE RIGHTS OFFERING SUBSCRIPTION AGENT.

PLEASE REVIEW AND COMPLETE THE ACCREDITED INVESTOR QUESTIONNAIRE ATTACHED AS EXHIBIT A BELOW.

PLEASE COMPLETE EXHIBIT B IF YOU ARE DESIGNATING ANY OTHER PERSON TO RECEIVE ALL OR A PORTION OF THE GUC RIGHTS OFFERING EQUITY.

EXHIBIT A

IMPORTANT

Encana / GUC Eligible Holder

IN ORDER FOR ENCANA AND HOLDERS OF GENERAL UNSECURED CLAIMS TO PARTICIPATE IN THE GUC RIGHTS OFFERING, ENCANA AND SUCH HOLDERS OF GENERAL UNSECURED CLAIMS MUST COMPLETE THIS ACCREDITED INVESTOR QUESTIONNAIRE. ANY HOLDER THAT INDICATES "NO" IN QUESTION 1 BELOW IS NOT ELIGIBLE TO PARTICIPATE IN THE GUC RIGHTS OFFERING.

Question 1. As of the Record Date, is the holder submitting this GUC Subscription Form an "accredited investor" and is the holder acquiring the GUC Rights Offering Equity for its own account or for the account of a qualified institutional buyer?
_____YES _____NO

If Yes, please indicate which category (e.g., (i) through (viii) of the definition of "accredited investor" on Annex A hereto) the holder falls under. _____

ANNEX A

Definition of an "accredited investor"

"Accredited investor" (pursuant to Rule 501 promulgated under the Securities Act of 1933, as amended (the "Act")) means any person who comes within any of the following categories, or who the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(i) Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(a)(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(ii) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(iii) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000;

(iv) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(v) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;[1]

(vi) Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

---

[1] Net worth for this purpose means total assets (excluding primary residence but including personal property and other assets) in excess of total liabilities. (In calculating net worth, the related amount of indebtedness secured by the primary residence up to its fair market value may also be excluded. Indebtedness secured by the residence in excess of the value of the home should be considered a liability and deducted from net worth.)

(vii) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii); and

(viii) Any entity in which all of the equity owners are accredited investors.

EXHIBIT B

Special Delivery Instructions

IF THERE IS MORE THAN ONE DESIGNEE, COMPLETE A SEPARATE FORM FOR EACH DESIGNEE.
YOU MUST SPECIFY THE NUMBER OF GUC RIGHTS OFFERING EQUITY FOR EACH DESIGNEE.

Please complete ONLY if GUC Rights Offering Equity is to be issued in the name of someone OTHER than Encana or the GUC Eligible Holder, as applicable. Such person(s) must also complete an IRS Form W-8 or IRS Form W-9, as applicable.

Number of GUC Rights Offering Equity:_____

Issue in the following Name: _____

U.S. Federal Tax EIN/SSN (optional for Non U.S. Persons): _____

If Non-U.S. person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. person, check here and attach IRS Form W-9 ☐

A. Please indicate on the lines provided below the registration name of the designee in whose name the GUC Rights Offering Equity should be issued, in the event the GUC Rights Offering Equity is not DTC eligible (it is strongly recommended that the below information be typed to ensure that it is legible):

Registration Name Line 1 (Maximum 35 Characters):_____

Registration Name Line 2 (Maximum 35 Characters):_____
(if needed)

Address 1:_____

Address 2:_____

Address 3:_____

Address 4:_____

Telephone:_____

Email: _____

[Continued next page]

B. DTC Participant for the deposit of GUC Rights Offering Equity, in the event the GUC Rights Offering Equity is DTC eligible:

DTC Participant

Name:_____

DTC Participant

Number:_____

Information regarding your contact
at the DTC Participant:

Contact

Name:_____

Contact

Telephone:_____

Contact

Email:_____

C. Wire information in the event a refund is needed:

Account Name:	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	

Exhibit D

Corporate Organization Chart

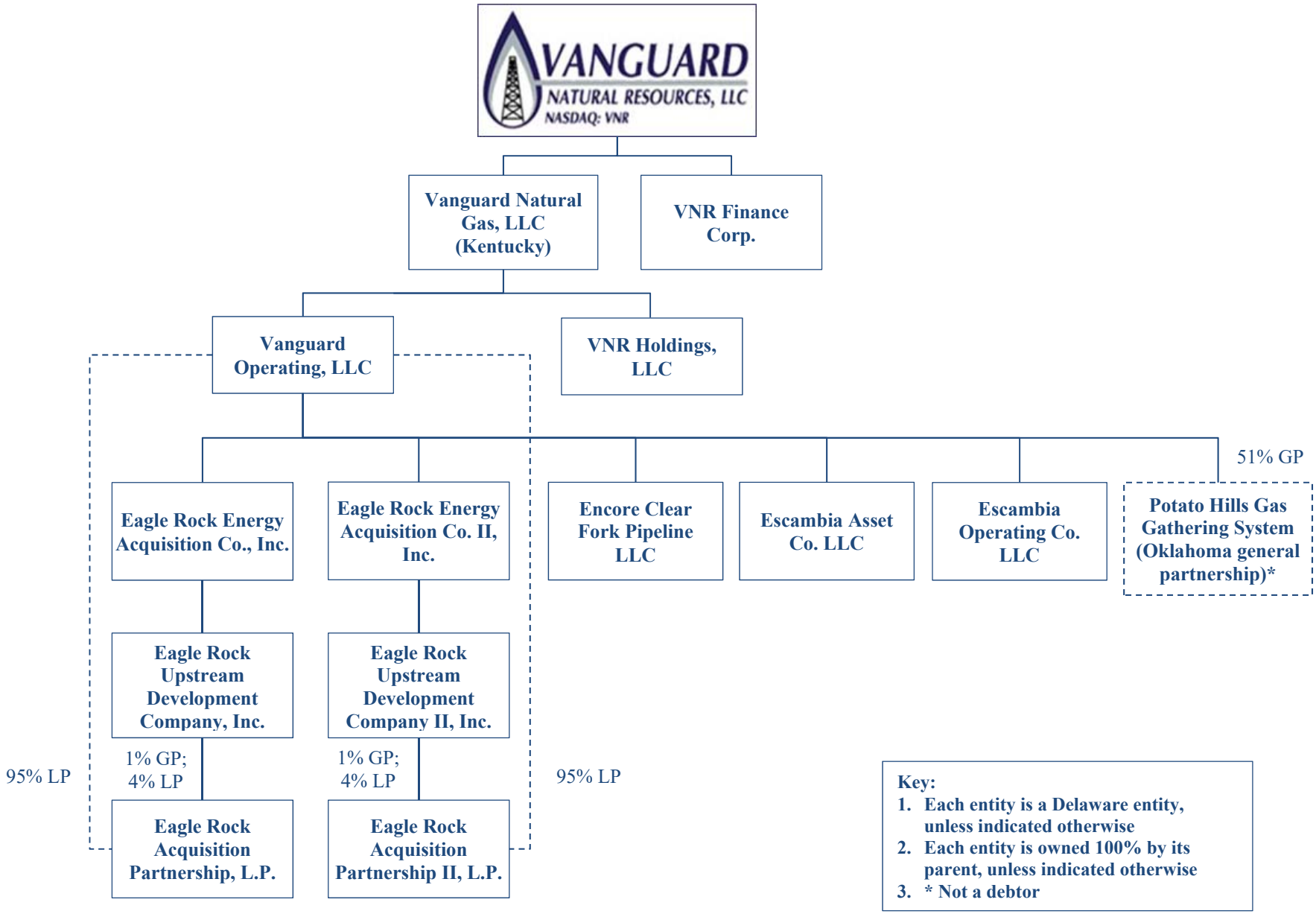
VANGUARD
NATURAL RESOURCES, LLC
NASDAQ: VNR
Vanguard Natural Gas, LLC (Kentucky)
VNR Finance Corp.
Vanguard Operating, LLC
VNR Holdings, LLC
51% GP
Eagle Rock Energy Acquisition Co., Inc.
Eagle Rock Energy Acquisition Co. II, Inc.
Encore Clear Fork Pipeline LLC
Escambia Asset Co. LLC
Escambia Operating Co. LLC
Potato Hills Gas Gathering System (Oklahoma general partnership)*
Eagle Rock Upstream Development Company, Inc.
Eagle Rock Upstream Development Company II, Inc.
1% GP; 4% LP
1% GP; 4% LP
95% LP
95% LP
Eagle Rock Acquisition Partnership, L.P.
Eagle Rock Acquisition Partnership II, L.P.
Key:
1. Each entity is a Delaware entity, unless indicated otherwise
2. Each entity is owned 100% by its parent, unless indicated otherwise
3. * Not a debtor

Exhibit F

Liquidation Analysis

Liquidation Analysis

Introduction:

Under the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code,[1] the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of an allowed claim or interest that does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. To demonstrate that the proposed Plan satisfies the "best interests of creditors" test, the Debtors, with the assistance of their restructuring advisor, Opportune LLP ("Opportune"), have prepared the following hypothetical liquidation analysis (the "Liquidation Analysis"), which is based upon certain assumptions discussed in the Disclosure Statement and in the accompanying notes to the Liquidation Analysis.

The Liquidation Analysis sets forth an estimated range of recovery values for each Class of Claims or Interests upon disposition of assets pursuant to a hypothetical chapter 7 liquidation. As illustrated by the Liquidation Analysis, holders of Claims or Interests in Impaired Classes would receive a lower recovery in a hypothetical liquidation than they would under the Plan. Further, no holder of a Claim or Interest would receive or retain property under the Plan of a value that is less than such holder would receive in a chapter 7 liquidation. Accordingly, and as set forth in greater detail below, the Debtors believe that the Plan satisfies the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code.

Statement of Limitations:

The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtors' assets in a chapter 7 case is an uncertain process involving the extensive use of significant estimates and assumptions that, although considered reasonable by the Debtors based upon their business judgment and input from their advisors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management and their advisors. Inevitably, some assumptions in the Liquidation Analysis would likely not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could materially affect the ultimate results in an actual chapter 7 liquidation, including, without limitation, the uncertainty of the currently volatile oil and gas pricing environment. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good faith estimate of the proceeds that would be generated if the Debtors' assets were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by independent accountants. NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT, IN WHOLE OR IN PART, APPROXIMATE THE ESTIMATES AND

[1] Capitalized terms used but not otherwise defined in this **Exhibit F** have the meanings set forth in the *Amended Joint Plan of Reorganization of Vanguard Natural Resources, LLC,* et al.*, Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), filed contemporaneously with this exhibit.

ASSUMPTIONS REFLECTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY FROM ESTIMATES PROVIDED HEREIN.

THE RECOVERIES SHOWN IN THE LIQUIDATION ANALYSIS DO NOT CONTEMPLATE A SALE OR SALES OF THE DEBTORS' ASSETS ON A GOING CONCERN BASIS. THIS ASSUMPTION IS MADE BECAUSE OF THE DEBTORS' ASSESSMENT THAT, IN THE WAKE OF CONVERSIONS TO CHAPTER 7 CASES AND CONSEQUENT DISRUPTIONS TO THE DEBTORS' BUSINESSES AND RESULTANT ATTRITION, THE LIKELIHOOD THAT THE DEBTORS OR SUBSTANTIAL BUSINESS UNITS OF THE DEBTORS CAN CONTINUE OPERATIONS, ESPECIALLY IN A MANNER THAT YIELDS MATERIAL POSITIVE INCREMENTAL CASH FLOW, IS LOW. WHILE THE DEBTORS MAKE NO ASSURANCES, IT IS POSSIBLE THAT PROCEEDS RECEIVED FROM GOING CONCERN SALE(S) WOULD BE MORE THAN IN A HYPOTHETICAL CHAPTER 7 LIQUIDATION, THE COSTS ASSOCIATED WITH THE SALE(S) COULD BE LESS, FEWER CLAIMS COULD BE ASSERTED AGAINST THE BANKRUPTCY ESTATES, AND/OR CERTAIN ORDINARY COURSE CLAIMS COULD BE ASSUMED BY THE BUYER(S).

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of Claims listed on the Debtors' financial statements. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the Chapter 11 Cases, but which could be asserted and allowed in a chapter 7 liquidation, including unpaid chapter 11 Administrative Claims, and chapter 7 administrative claims such as wind down costs and trustee fees. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. Therefore, the Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

Methodology:

The Liquidation Analysis has been prepared assuming that the Debtors' chapter 11 cases are converted to chapter 7 cases (the "Chapter 7 Liquidation") on June 30, 2017 (the "Chapter 7 Conversion Date"). Except as otherwise noted herein, the Liquidation Analysis is based upon the unaudited consolidating balance sheets of the Debtors as of January 31, 2017, and those values, in total, are assumed to be representative of the Debtors' approximate assets and liabilities as of the Chapter 7 Conversion Date. It is assumed that on the Chapter 7 Conversion Date, the Bankruptcy Court will appoint a chapter 7 trustee (the "Chapter 7 Trustee") who would liquidate the Debtors' estates and distribute the cash proceeds, net of liquidation-related costs, to creditors in accordance with the Bankruptcy Code and any other applicable law. There can be no assurance that the recoveries realized from the liquidation would, in fact, approximate the amounts reflected in the Liquidation Analysis. Under section 704 of the Bankruptcy Code, a

trustee must, among other duties, collect and convert the property of the estate as expeditiously as possible (generally at distressed prices), taking into account the best interests of stakeholders.

Value in liquidation is assumed to be driven by, among other things: (a) the accelerated time frame in which the business units are marketed and sold; (b) negative partner and vendor reaction; (c) the loss of key personnel; (d) acceleration of security for decommissioning costs and/or liabilities associated with certain assets; and (e) the general forced nature of the sale.

Global Notes and Assumptions:

The Liquidation Analysis should be read in conjunction with the following notes and assumptions:

1. The Liquidation Analysis assumes that the Debtors would be liquidated in a jointly administered proceeding. Because all Debtors are either borrowers or guarantors on more than $1.8 billion of funded debt, it is assumed that distributions would be made on a consolidated basis, in accordance with section 726 of the Bankruptcy Code.

2. **Dependence on unaudited financial statements.** Proceeds available for recovery are based upon the unaudited financial statements and balance sheets of the Debtors as of January 31, 2017, unless otherwise noted. Cash balances have been rolled forward through to the Chapter 7 Conversion Date to take into account cash flows from the Petition Date to the Chapter 7 Conversion Date.

3. **Chapter 7 liquidation costs and length of the liquidation process.** The Liquidation Analysis assumes that the Chapter 7 Liquidation would take approximately 4-6 months in order to pursue sales of substantially all the remaining oil and gas assets, monetize and collect receivables as well as other assets on the balance sheet, and otherwise administer and close the estates. It is assumed that commodity prices remain consistent over the course of the 4-6 month wind-down period. In an actual liquidation, the wind down process and time periods could be longer, thereby likely reducing creditor recoveries further. For example, extending the duration of the process to liquidate and allow Claims, including priority, contingent, litigation, rejection, and other Claims could substantially delay the timing and reduce the amounts of the distributions of asset proceeds to creditors due to, among other things, increased administrative costs. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such liquidation.

   Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by the Chapter 7 Trustee, including expenses associated with selling the Debtors' assets, would be entitled to payment in full prior to any distributions to chapter 11 Administrative Claims and Other Priority Claims. The estimates used in the Liquidation Analysis for these expenses include estimates for operational expenses and certain legal, accounting and other professionals, as well as an assumed 3% fee payable to a Chapter 7 Trustee based on the amount of liquidated assets. It is

assumed that chapter 7 administrative and priority claims, post-chapter 7 conversion expenses and professional fees, and Chapter 7 Trustee fees are entitled to payment in full prior to any distribution to holders of any other claims.

4. **Distribution of Net Proceeds.** Chapter 11 Administrative Claim amounts, Priority Claim amounts, and other such claims that may arise in a liquidation scenario would be paid in full from the liquidation proceeds before the balance of those proceeds will be made available to pay General Unsecured Claims. Under the absolute priority rule, no junior creditor would receive any distribution until all senior creditors are paid in full, and no equity holder would receive any distribution until all creditors are paid in full. The assumed distributions to creditors as reflected in the Liquidation Analysis are estimated in accordance with the absolute priority rule.

5. **Additional Claims.** The cessation of business in a liquidation is likely to trigger certain administrative and priority Claims that otherwise would not exist under a plan of reorganization absent a liquidation. These types of administrative and priority Claims have not been accounted for in the Liquidation Analysis but it is important to note these will need to be paid in full before any balance of liquidation proceeds would be available to pay General Unsecured Claims.

   Examples of these kinds of Claims include various potential employee Claims (for such items as severance and potential Worker Adjustment and Retraining Notification Act claims), tax liabilities, Claims related to further rejection of unexpired leases and executory contracts, new bonding or letters of credit for plugging and abandoning ("P&A") liabilities, litigation claims, and other potential allowed claims. These additional Claims could be significant; some may be administrative expenses, others may be entitled to priority in payment over General Unsecured Claims. In addition, the Liquidation Analysis does not include any potential adequate protection claims that could be asserted by secured creditors even though such claims could be significant and would be treated as administrative priority claims.

6. **Preference or fraudulent transfers.** No recovery or related litigation costs have been attributed to any potential avoidance actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions due to, among other issues, the costs of such litigation, the uncertainty of the outcome, and anticipated disputes regarding these matters.

7. **Litigation Costs.** Additional costs for potential litigation have not been incorporated in the Liquidation Analysis.

Conclusion:

The Debtors have determined, based on the following analysis, that upon the Effective Date, the Plan will provide all creditors and equity holders with a recovery (if any) that is not less than what they would otherwise receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code, and as such believe that the Plan satisfies the requirement of section 1129(a)(7) of the Bankruptcy Code.

The following Liquidation Analysis should be reviewed with the accompanying notes.

($ in thousands)

	Notes	VANGUARD NATURAL RESOURCES, LLC Net Book Value	Low $	Low %	High $	High %
Assets:						
Cash and Cash Equivalents	A	$ 55,000	$ 55,000	*100%*	$ 55,000	*100%*
Accounts Receivable	B	91,122	73,267	*80%*	77,904	*85%*
Other Current Assets	C	7,611	667	*9%*	1,085	*14%*
Oil and Gas Properties	D	849,481	875,000	*n/a*	1,125,000	*n/a*
Other Property & Equipment	E	2,078	829	*40%*	1,039	*50%*
Other Non-Current Assets	F	295,805	2,573	*1%*	4,374	*1%*
Gross Liquidation Proceeds			**$ 1,007,336**		**$ 1,264,404**	
Liquidation Adjustments:						
Net Wind-Down Expenses of Trustee	G		(13,100)		(8,600)	
Trustee Fees	H		(28,593)		(36,305)	
Trustee Legal & Financial Advisors	I		(28,570)		(24,188)	
Subtotal			**$ (70,263)**		**$ (69,093)**	
Net Liquidation Proceeds Available for Distribution:			**$ 937,073**		**$ 1,195,311**	

	Notes	VANGUARD NATURAL RESOURCES, LLC - CONSOLIDATED DEBTORS Claims Estimate	Liquidation Low Recovery Estimate $	Liquidation Low Recovery Estimate %	Liquidation High Recovery Estimate $	Liquidation High Recovery Estimate %	Plan Recovery Est. %
Administrative Claims	J	$ 70,000	$ -	*0%*	$ -	*0%*	*100.0%*
Class 1 – Secured Tax Claims	K	-	-	*0%*	-	*0%*	*100.0%*
Class 2 – Other Secured Claims	L	19,000	19,000	*100%*	19,000	*100%*	*100.0%*
Class 3 – Other Priority Claims	M	15,000	-	*0%*	-	*0%*	*n/a*
Class 4 – Lender Claims	N	1,248,945	918,073	*74%*	1,176,311	*94%*	*100.0%*
Class 5 – Second Lien Notes Claims	O	78,075	-	*0%*	-	*0%*	*100.0%*
Unsecured Claims							
Class 6 – Senior Notes Claims	P	443,687	-	*0%*	-	*0%*	*12.6%*
Class 7 – General Unsecured Claims[1]	Q	240,000	-	*0%*	-	*0%*	*9.8%* [2]
Class 8 – Encana Claims	R	-	-	*n/a*	-	*n/a*	*n/a*
Class 9 – Trade Claims	S	2,000	-	*0%*	-	*0%*	*100.0%*
Total Unsecured Claims		$ 685,687	$ -	*0%*	$ -	*0%*	
Intercompany Claims and Equity Interests:							
Class 10 – Intercompany Claims	T	-	-	*n/a*	-	*n/a*	*n/a*
Class 11 – Intercompany Interests	U	-	-	*n/a*	-	*n/a*	*n/a*
Class 12 – VNR Preferred Units	V	370,461	-	*0%*	-	*0%*	*0.4%*
Class 13 – VNR Common Units	W	-	-	*0%*	-	*0%*	*0.0%*
Class 14 – Other Existing Equity Interests	X	-	-	*n/a*	-	*n/a*	*n/a*
Total Intercompany Claims and Equity Interests		$ 370,461	$ -	*0%*	$ -	*0%*	
Total Estimated Claims/Interests and Recoveries		**$ 2,487,168**	**$ 937,073**		**$ 1,195,311**		

Notes:

[1] The General Unsecured Claims estimate represents an average that takes into account the potential range of deficiency claims that may be asserted in a hypothetical liquidation (refer to Note Q)

[2] A twelve percent recovery will be realized by General Unsecured Claims that are Allowed and participate in the GUC Cash Pool until such GUC Cash Pool is exhausted. All other Holders of Allowed General Unsecured Claims will receive a distribution in accordance with the terms of the GUC Equity Pool, which equates to a blended recovery of 9.8%.

Specific Notes to the Liquidation Analysis:

Gross Liquidation Proceeds –

A. Cash and Cash Equivalents

- The liquidation proceeds of cash and cash equivalents for all entities holding cash is estimated to be 100% of the pro forma balance. The pro forma balance as of June 30, 2017 is based on the latest business plan projections with adjustments for the timing of professional fee payments.

B. Accounts Receivable

- The analysis of accounts receivable relates to the sale of oil and gas, amounts due from joint interest billing partners, and other receivables. For the purposes of the Liquidation Analysis, the accounts receivable balances are assumed to have a blended recovery of approximately 80% to 85%.

C. Other Current Assets

- Other current assets primarily include prepaid expenses, professional retainers, and inventory. In a liquidation, professional retainers are assumed to be recoverable after satisfying pre-petition fees and expenses. Prepaid expenses balances were assumed to have minimal to zero recovery. Inventory is assumed to have a partial recovery. Other current assets are assumed to have a blended recovery of approximately 9% to 14%.

D. Oil and Gas Properties

- The gross sale proceeds assumed realizable from the valuation of the oil and gas properties were based on the income approach via the discounted cash flow method. The reserve reports utilized are run as of January 1, 2017 (effective date of June 30, 2017) using the New York Mercantile Exchange strip as of March 21, 2017 for the commodity price forecast. Adjustments were made to the reserve report for risking, general and administrative expenses, and federal income taxes. The projected cash flows were discounted to present value using a 10% discount rate. The market approach, via the precedent transaction method, was considered as a secondary valuation approach. However, this approach was not relied upon as there have only been a few transactions that have occurred in the Debtors primary basins since commodity prices began declining in late 2014. The valuation conducted for the Liquidation Analysis indicates a range of approximately $875 million to $1,125 million.

E. Other Property & Equipment

- Other property and equipment includes office furniture, computer equipment, software licenses, vehicle leases, and leasehold improvements. Given the nature of these assets, they are estimated to have a recovery of approximately 40% to 50%.

F. Other Non-Current Assets

- Other non-current assets consist of goodwill, deferred financing costs, inventory, and other prepaid expenses. In the Chapter 7 Liquidation, there would be minimal value to these assets which are estimated to have a recovery of approximately 1% to 1.5%.

Liquidation Adjustments –

G. Net Wind-Down Expenses of Trustee

- The Liquidation Analysis assumes the chapter 7 liquidation process will take 4-6 months to complete. Corporate payroll and administrative costs during the liquidation are based on the assumption that certain limited functions would be required during the liquidation process for an orderly wind-down of the business and sale and transfer of oil and gas assets. Examples of such costs incurred during a chapter 7 liquidation would include, without limitation, expenses associated with salary or hourly compensation and retention programs to maintain wind-down personnel, rent, and utilities. The Liquidation Analysis includes the cost of an employee retention program equal to 50% of the total employee compensation during the wind-down period. The Liquidation Analysis does not incorporate any severance costs from the termination of employees.

H. Trustee Fees

- Compensation for the Chapter 7 Trustee would be limited to fee guidelines in section 326(a) of the Bankruptcy Code. The Debtors have assumed Chapter 7 Trustee fees of approximately 3% of the gross proceeds from the liquidation (excluding cash).

I. Trustee Legal & Financial Advisors

- Compensation for the Chapter 7 Trustee's professionals (counsel and other legal, financial, and professional services) during the Chapter 7 Liquidation is estimated to be between 2% and 3% of the total proceeds from the liquidation (excluding cash).

Claims –

J. Administrative Claims

- Administrative Claims include approximately $70 million of unpaid post-petition vendor payables and accrued liabilities along with unpaid chapter 11 professional fees and other costs and expenses of administration of the Debtors' estates during the Chapter 11 Cases. The Liquidation Analysis projects an estimated recovery of 0% for holders of Administrative Claims.

K. Class 1 – Secured Tax Claims

- The Liquidation Analysis does not account for any Secured Tax Claims existing on the Chapter 7 Conversion Date, but reserves the right to update estimates if new information were to arise.

L. Class 2 – Other Secured Claims

- The Debtors have leased certain compressors and related facilities. The outstanding balance on these lease obligations is approximately $19 million, which may be asserted as a secured claim. The Liquidation Analysis projects an estimated recovery of 100% on these claims based on the assumption that the leased property would either be sold by the Chapter 7 Trustee for the full amount of such claims or returned to the lessors.

M. Class 3 – Other Priority Claims

- The Liquidation Analysis anticipates that on the Chapter 7 Conversion Date, there will be outstanding ad valorem and production tax claims, which are all projected to have a recovery of 0%.

N. Class 4 – Lender Claims

- Lender Claims consist of the estimated balance of approximately $1.25 billion outstanding under the Credit Agreement and approximately $150 thousand in letters of credit outstanding. For the purposes of the Liquidation Analysis, Lender Claims are treated as secured by substantially all assets of the Debtors. Holders of Lender Claims will receive cash in controlled accounts, and the proceeds from the sale of their collateral, which are to be distributed to holders of Lender Claims before any distribution is made to holders of Administrative Claims and Other Priority Claims. The Liquidation Analysis projects an estimated recovery of 74% to 94% for holders of Lender Claims.

O. Class 5 – Second Lien Notes Claims

- The Second Lien Notes Claims consist of the outstanding principal amount and accrued interest as of the Petition Date of approximately $78.1 million and will include any accrued and unpaid interest as of the Conversion Date. The Second Lien Notes Claims include the 7.00% Senior Secured Second Lien Notes due February 15, 2023, and were issued by VNR and VNR Finance Corp. pursuant to the Second Lien Notes Indenture. For purposes of the Liquidation Analysis, Second Lien Notes Claims are treated as secured by substantially all assets of the Debtors with liens that are junior only to the liens securing the Lender Claims. The Liquidation Analysis projects an estimated recovery of 0% for holders of Second Lien Notes Claims.

P. Class 6 – Senior Notes Claims

- The Senior Notes Claims consist of the outstanding principal amount and accrued interest as of the Petition Date on (a) those certain 8 3/8% Senior Notes due June 1, 2019, issued by Vanguard Operating, LLC (previously Eagle Rock Energy Partners, L.P. and Energy Rock Energy Finance Corp.) pursuant to the 2019 Senior Notes Indenture and (b) those certain 7.875% senior notes due April 1, 2020, issued by VNR and VNR Finance Corp. pursuant to the 2020 Senior Notes Indenture. As of the Petition Date, holders of Senior Notes Claims were owed approximately $432.9 million in outstanding principal and approximately $10.7 million in accrued interest. The Liquidation Analysis projects an estimated recovery of 0% for holders of Senior Notes Claims.

Q. Class 7 – General Unsecured Claims

- For the purposes of the Liquidation Analysis, all liabilities that are, or that the Debtors expect to be, unsecured liabilities are classified as General Unsecured Claims. General Unsecured Claims could also include estimates for litigation, contract rejections, and other payables. On the Chapter 7 Conversion Date, it is assumed that holders of Lender Claims would assert General Unsecured Claims for the outstanding balance from their Class 4 Claims (the "Lender Deficiency Claims") and that these Lender Deficiency Claims would range from approximately $70 million to $330 million. The Liquidation Analysis projects an estimated recovery of 0% for holders of General Unsecured Claims.

R. Class 8 – Encana Claims

- The Liquidation Analysis does not account for any Encana Claims existing on the Chapter 7 Conversion Date, but reserves the right to update estimates if new information were to arise.

S. Class 9 – Trade Claims

- The Debtors have certain trade claims which are estimated to be approximately $2.0 million. The Liquidation Analysis projects an estimated recovery of 0% for holders of Allowed Trade Claims.

T. Class 10 – Intercompany Claims

- The Liquidation Analysis does not account for any Intercompany Claims existing on the Chapter 7 Conversion Date, but reserves the right to update estimates if new information were to arise.

U. Class 11 – Intercompany Interests

- The Liquidation Analysis does not account for any Intercompany Interests existing on the Chapter 7 Conversion Date, but reserves the right to update estimates if new information were to arise.

V. Class 12 – VNR Preferred Units

- VNR Preferred Units are estimated based on their approximate liquidation preference values. VNR Preferred Units consist of (a) 7.875% Series A Cumulative Redeemable Perpetual Preferred Units of $69.0 million, (b) 7.625% Series B Cumulative Redeemable Perpetual Preferred Units of $186.7 million, and (c) 7.75% Series C Cumulative Redeemable Perpetual Preferred Units of $114.8 million. The Liquidation Analysis projects an estimated recovery of 0% for holders of VNR Preferred Units.

W. Class 13 – VNR Common Units

- The Liquidation Analysis projects an estimated recovery of 0% for holders of VNR Common Units.

X. Class 14 – Other Existing Equity Interests

- The Liquidation Analysis does not account for any Other Existing Equity Interests existing on the Chapter 7 Conversion Date, but reserves the right to update estimates if new information were to arise.

Exhibit G

Valuation Analysis

Valuation Analysis

THE VALUATION INFORMATION CONTAINED IN THE FOLLOWING ANALYSIS IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS OR EQUITY INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST THE DEBTORS.

Solely for purposes of the Plan[1] and the Disclosure Statement, Evercore Group L.L.C. ("Evercore"), as investment banker to the Debtors, has estimated the total enterprise value (the "Total Enterprise Value") and implied equity value (the "Equity Value") of the Reorganized Debtors on a going concern basis and pro forma for the transactions contemplated by the Plan.

In estimating the Total Enterprise Value of the Debtors, Evercore met with the Debtors' senior management team to discuss the Debtors' assets, operations and future prospects, reviewed the Debtors' historical financial information, reviewed certain of the Debtors' internal financial and operating data, including the Debtors' reserve report, reviewed the Debtors' financial projections for the Reorganized Debtors provided in Exhibit H to the Disclosure Statement (the "Projections), reviewed publicly available third-party information and conducted such other studies, analyses, and inquiries we deemed appropriate.

The valuation analysis herein represents a valuation of the Reorganized Debtors as the continuing operators of the businesses and assets of the Debtors, after giving effect to the Plan, based on the application of standard valuation techniques. The estimated values set forth in this Exhibit G: (a) do not purport to constitute an appraisal of the assets of the Reorganized Debtors; (b) do not constitute an opinion on the terms and provisions or fairness from a financial point of view to any Holder of the consideration to be received by such Holder under the Plan; (c) do not constitute a recommendation to any Holder of Claims or Equity Interests as to how such Holder should vote or otherwise act with respect to the Plan; and (d) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors.

In preparing the estimates set forth below, Evercore has relied upon the accuracy, completeness, and fairness of financial, reserve and other information furnished by the Debtors. Evercore did not attempt to independently audit or verify such information, nor did it perform an independent appraisal of the assets or liabilities of the Reorganized Debtors.

The estimated values set forth herein assume that the Reorganized Debtors will achieve their Projections in all material respects. Evercore has relied on the Debtors' representation and warranty that the Projections: (a) have been prepared in good faith; (b) are based on fully disclosed assumptions, which, in light of the circumstances under which they were made, are reasonable; (c) reflect the Debtors' best currently available estimates; and (d) reflect the good faith judgments of the Debtors. Evercore does not offer an opinion as to the attainability of the Projections. As disclosed in the Disclosure Statement, the future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors and Evercore, and consequently are inherently difficult to project.

This analysis contemplates facts and conditions known and existing as of the date of the Disclosure Statement. Events and conditions subsequent to this date, including updated projections, as well as other factors, could have a substantial effect upon the Total Enterprise Value. Among other things, failure to

[1] Capitalized terms used but not otherwise defined in this Exhibit G have the meanings ascribed to such terms in the *Amended Joint Plan of Reorganization of Vanguard Natural Resources, LLC*, et al., *Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), filed contemporaneously with this exhibit.

consummate the Plan in a timely manner may have a materially negative effect on the Total Enterprise Value. For purposes of this valuation, Evercore has assumed that no material changes that would affect value will occur between the date of the Disclosure Statement and the assumed Effective Date.

The following is a summary of analyses performed by Evercore to arrive at its recommended range of estimated Total Enterprise Value for the Reorganized Debtors.

A. Net Asset Value

The value of the Debtors' proved oil and gas reserves was estimated using a net asset value ("NAV") analysis. The NAV analysis estimates the value of the business by calculating the sum of the present value of cash flows generated by the Debtors' reserves. Under this methodology, future cash flows from the Debtors' reserve report are discounted using various discount rates depending on reserve category. The Total Enterprise Value of the Reorganized Debtors is then calculated by adjusting the aggregate discounted cash flows for the present value of future general and administrative costs, maintenance capital expenditures, plugging and abandonment expenditures and taxes.

B. Discounted Cash Flow Analysis

The discounted cash flow ("DCF") analysis estimates the value of the Debtors' business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by a range of discount rates above and below the Debtors' estimated weighted average cost of capital (the "Discount Rate"). The Total Enterprise Value of the Reorganized Debtors is determined by calculating the present value of Reorganized Debtors' unlevered after-tax free cash flows over the course of the projection period plus an estimate for the value of the Reorganized Debtors beyond the projection period, known as the terminal value. The terminal value is calculated using a range of EBITDA multiples.

C. Precedent Transactions Analysis

Precedent transactions analysis estimates the value of a company by examining public and private transactions on both an enterprise and asset-level basis. Under this methodology, transaction values are commonly expressed as multiples of various measures of financial and operating statistics, such as earnings before interest, taxes, depreciation, depletion, amortization and exploration expenses ("EBITDAX"), proved reserves, and production. The selection of transactions for this purpose was based upon the commodity weighting, reserve life, asset type, commodity price environment, development level, relative size, geographic location, and other characteristics that were deemed relevant. For precedent corporate transactions, due to the significant variation in commodity prices for the precedent transactions, proved reserve, and production multiples were not utilized in this analysis. The Total Enterprise Value in this case is calculated by applying multiples of EBITDAX to the Reorganized Debtors' actual and projected financial results. For precedent asset transactions, a "sum-of-the-parts" approach using asset-level proved reserve and production level multiples, as applicable, was employed.

D. Comparable Company Analysis

The comparable company analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company is determined by examining the trading prices for the equity securities of such company in the public markets and adding either the aggregate amount or market value of outstanding net debt for such company. Such enterprise values are commonly expressed as multiples of various measures of financial and operating statistics, such as EBITDAX, proved reserves and production. The Total Enterprise Value is then calculated by applying these multiples to the Reorganized Debtors' actual and projected financial and operational metrics. The selection of public comparable companies for this purpose was based upon the geographic location, scale, percentage of developed and undeveloped reserves, quantum of reserves relative to production and percentage of reserves represented by oil and natural gas liquids relative to natural gas, company tax

structure as well as other characteristics that were deemed relevant.

E. Total Enterprise Value and Implied Equity Value

The assumed range of the reorganization value, as of an assumed Effective Date of September 30, 2017, reflects work performed by Evercore on the basis of information with respect to the business and assets of the Debtors available to Evercore as of the date of the Disclosure Statement. It should be understood that, although subsequent developments may affect Evercore's conclusions, Evercore does not have any obligation to update, revise, or reaffirm its estimate.

As a result of the analysis described herein, Evercore estimated the Total Enterprise Value of the Reorganized Debtors to be approximately $1,150 million to $1,500 million, with a midpoint of $1,325 million as of the assumed Effective Date of September 30, 2017. Pursuant to the Plan, the Backstop Agreement, and the Second Lien Investment Agreement, the Plan Value is defined to be $1,425 million and the Net Debt Amount (as defined in the Backstop Agreement) is defined to be $1,023 million. This results in an implied total equity value for the Debtors of $402 million. This estimate is based in part on information provided by the Debtors, solely for purposes of the Plan and Backstop Agreement. For purposes of this analysis, Evercore assumes that no material changes that would affect value as stipulated in the Backstop Agreement between the date of the Disclosure Statement and the Effective Date.

The estimate of Total Enterprise Value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein depending on the results of the Debtors' operations or changes in the financial markets. Additionally, these estimates of value represent hypothetical enterprise and equity values of the Reorganized Debtors as the continuing operator of the Debtors' businesses and assets, and do not purport to reflect or constitute appraisals, liquidation values, or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. Such estimates were developed solely for purposes of formulation and negotiation of the Plan and analysis of implied relative recoveries to creditors thereunder. The value of an operating business such as the Debtors' businesses is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such businesses.

Evercore's estimated valuation range of the Reorganized Debtors does not constitute a recommendation to any Holder of Claims or Equity Interests as to how such Holder should vote or otherwise act with respect to the Plan. The estimated value of the Reorganized Debtors set forth herein does not constitute an opinion as to the fairness from a financial point of view to any Holder of the consideration to be received by such Holder under the Plan or of the terms and provisions of the Plan. Because valuation estimates are inherently subject to uncertainties, none of the Debtors, Evercore, or any other person assumes responsibility for their accuracy or any differences between the estimated valuation ranges herein and any actual outcome.

Evercore is acting as investment banker to the Debtors, and will not be responsible for, and will not provide, any tax, accounting, actuarial, legal or other specialist advice.

Exhibit H

Financial Projections

Financial Projections

The Debtors believe that the Plan[1] is feasible as required by section 1129(a)(11) of the Bankruptcy Code, because Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors. In connection with the preparation and development of a plan of reorganization and for purposes of determining whether the Plan will satisfy this feasibility standard, the Debtors have analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

In connection with the Disclosure Statement, the Debtors' senior management team ("Management") prepared financial projections (the "Financial Projections") for the three months ending December 31, 2017 and fiscal years 2018 through 2021 (the "Projection Period"). The Financial Projections are based on a number of assumptions made by Management with respect to the future performance of the Reorganized Debtors' operations.

THESE FINANCIAL PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH PUBLISHED GUIDELINES OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS FOR PREPARATION AND PRESENTATION OF PROSPECTIVE FINANCIAL INFORMATION.

ALTHOUGH MANAGEMENT HAS PREPARED THE FINANCIAL PROJECTIONS IN GOOD FAITH AND BELIEVES THE ASSUMPTIONS TO BE REASONABLE, THE DEBTORS AND THE REORGANIZED DEBTORS CAN PROVIDE NO ASSURANCE THAT SUCH ASSUMPTIONS WILL BE REALIZED. AS DESCRIBED IN DETAIL IN THE DISCLOSURE STATEMENT, A VARIETY OF RISK FACTORS COULD AFFECT THE REORGANIZED DEBTORS' FINANCIAL RESULTS AND MUST BE CONSIDERED. ACCORDINGLY, ANY REVIEW OF THE FINANCIAL PROJECTIONS SHOULD TAKE INTO ACCOUNT THE RISK FACTORS SET FORTH IN THE DISCLOSURE STATEMENT AND THE ASSUMPTIONS DESCRIBED HEREIN, INCLUDING ALL RELEVANT QUALIFICATIONS AND FOOTNOTES.

General Assumptions:

A. Methodology

Management developed a business plan for the Projection Period based on forecasted production estimates of the Debtors' oil and gas reserves, estimated commodity pricing, and estimated future incurred operating, capital expenditure, and overhead costs.

B. Presentation

The Financial Projections are presented on a consolidated basis.

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[1] Capitalized terms used but not otherwise defined in this **Exhibit H** have the meanings set forth in the *Amended Joint Plan of Reorganization of Vanguard Natural Resources, LLC,* et al.*, Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), filed contemporaneously with this exhibit.

C. Emergence Date

Emergence from the Chapter 11 Cases is assumed to occur on September 30, 2017 (the "Assumed Effective Date").

D. Operations

These Financial Projections incorporate the Debtors' production estimates and planned revenue reflected in their forecasted capital plan for the Projection Period. The production estimates are based on Management's best efforts to forecast the decline curves for their existing proved developed producing wells, as well as new wells brought online during the Projection Period. The actual production from new and existing wells could vary considerably from the assumptions used to prepare the production forecast contained herein.

Financial Projection Assumptions:

A. Production

Oil and gas production volumes are estimates based on decline curves for existing producing wells and wells scheduled to be drilled and completed during the Projection Period. The actual production from new and existing wells could vary considerably from the assumptions used to prepare the production forecast contained herein.

B. Commodity Pricing

Commodity pricing is based on futures prices for crude oil and natural gas traded on the New York Mercantile Exchange ("NYMEX") as of March 21, 2017. Management estimates an average $6.52/barrel discount to NYMEX pricing for crude oil, an average $0.71/MMBtu[2] discount to NYMEX pricing for natural gas price realizations and an average natural gas liquids ("NGLs") price realizations equal to 34.5% of NYMEX pricing for crude oil, based primarily on historical differentials. The commodity differentials include gathering and transportation expenses.

March 21, 2017 NYMEX Strip Pricing

	Oct.-Dec.	Fiscal Year Ending December 31,			
Commodity Type	**2017**	**2018**	**2019**	**2020**	**2021**
Crude Oil ($/Bbl)	$49.90	$49.98	$49.79	$50.06	$50.79
Natural Gas ($/MMBtu)	3.36	3.04	2.86	2.85	2.86
Natural Gas Liquids ($/Bbl)[(1)]	18.10	17.36	17.17	17.15	17.35

(1) Realized price

C. Operating Expenses

Operating expenses, including expense workovers, are based on Management estimates.

D. Production Taxes

[2] MMBtu means million British Thermal Units.

Production taxes include severance and ad valorem taxes, and the amounts are based on Management estimates of production volumes and related value, and future tax obligations.

E. General and Administrative Costs ("G&A")

G&A is primarily comprised of personnel costs, rent, insurance, and corporate overhead necessary to manage the business and comply with regulatory requirements. Projected G&A is based on current development plans.

F. Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is anticipated to initially increase and then decline minimally over 2019E to 2021E due to the natural decline of existing production and the inability of the anticipated drilling, completion, and workover program in the business plan to fully offset that decline.

G. Capital Expenditures

Capital expenditures are projected to total $33 million from October 1, 2017 to December 31, 2017, which includes $24 million for drilling and completion development and $9 million of maintenance. Capital expenditures for drilling and completion activities from 2018E to 2021E are projected to range from $59 million to $156 million per year, and $402 million in total. In addition to drilling and completion activities, 2018E to 2021E capital expenditures range from $16 million to $37 million per year, and $121 million in total, for capital workovers, infrastructure, and other maintenance.

H. Cash Taxes

Post-effective date, Reorganized VNR will be treated as a C corporation for income tax purposes. Accordingly, Reorganized VNR may incur tax liabilities at the company level. However, during the Projections Period, Reorganized VNR does not believe it will incur any tax liabilities due to, among other things, ongoing depletion of its oil and gas reserves.

I. Changes in Working Capital

Management projects an increase in net working capital during the Projection Period of $27 million, with a maximum change in any given year of $14 million.

J. Capital Structure and Liquidity

- The Financial Projections assume (a) a new reserve based lending facility with an initial borrowing base equal to $850 million, with a rate between L + 275 bps and L + 375 bps, depending on utilization, and a commitment fee of 0.500% on unused commitments; (b) a $125 million first lien last-out term loan (the "Exit Term A Loans") with a rate of L + 750 bps (1.00% LIBOR floor); (c) approximately $82 million of New Second Lien Notes bearing an interest rate of 9.000%; and (d) approximately $19 million in capital leases, bearing an effective interest rate of 4.16%.

- The Financial Projections further assume that approximately $721 million of borrowings of Exit Revolving Loans will be deemed to occur on the Assumed Effective Date, after

giving effect to: (a) approximately $530 million of cash payments to the Lenders, including (i) approximately $102 million of cash proceeds from the sale of Glasscock County acreage, (ii) $275 million from the Rights Offering, (iii) approximately $31 million of cash from the Term Loan Purchase, and (iv) approximately $30 million of cash on the balance sheet paid to the Lenders upon emergence; and (b) approximately $94 million of the Lender Claims rolled into the Exit Term A Loans.

- Management expects to have approximately $144 million of liquidity on the Assumed Effective Date, including $15 million of balance sheet cash.

Reorganized Debtors' Financial Projections

	Oct - Dec	Year ended December 31,			
	2017	2018	2019	2020	2021
Net Revenue	$124	$489	$482	$470	$442
Less: Production Taxes	(13)	(52)	(52)	(51)	(48)
Less: Lease Operating Expenses & Workover Expenses	(37)	(148)	(148)	(146)	(144)
Less: Cash General & Administrative	(9)	(36)	(36)	(36)	(36)
EBITDA	**$65**	**$253**	**$246**	**$238**	**$214**
Less: Cash Taxes	-	-	-	-	-
Less: Capital Expenditures	(33)	(193)	(147)	(107)	(76)
Less: Change in Working Capital	(6)	(4)	(14)	(8)	5
Unlevered Free Cash Flow	**$27**	**$55**	**$85**	**$123**	**$143**
Less: Cash Interest	(12)	(48)	(49)	(47)	(42)
Less: Mandatory Amortization	(0)	(1)	(1)	(1)	(1)
Levered Free Cash Flow	**$15**	**$6**	**$34**	**$75**	**$100**
Key Metrics:					
Accounts Receivables & Other Current Assets	$106	$107	$106	$102	$96
Current Liabilities	115	112	97	85	84
First Lien Debt[1]	847	835	795	714	611
Total Debt	929	917	876	796	693
First Lien Leverage Ratio	3.6x	3.3x	3.2x	3.0x	2.9x
Total Leverage Ratio	3.9x	3.6x	3.6x	3.3x	3.2x
Current Ratio[2]	2.3x	2.4x	3.1x	4.4x	5.6x
LTM EBITDA / Interest Expense	5.1x	5.3x	5.0x	5.1x	5.1x
Cash[3]	$15	$15	$15	$15	$15
Revolver Availability[4]	143	149	183	258	358
Total Liquidity	**$158**	**$164**	**$198**	**$273**	**$373**

(1) First Lien Debt includes the revolving loans, the term loans and lease financing obligations
(2) Defined as accounts receivable & other current assets, plus cash, plus revolver availability, the sum of which is divided by current liabilities
(3) Assumes $15 million of minimum cash for illustrative purposes
(4) The Plan contemplates a 12-month redetermination holiday. Projected borrowing base is assumed to be $850 million throughout the Projection Period for illustrative purposes; assumes zero letters of credit during Projection Period

Exhibit I

Backstop Agreement

AMENDED AND RESTATED BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT

AMONG

VANGUARD NATURAL RESOURCES, LLC

AND

THE COMMITMENT PARTIES PARTY HERETO

Dated as of February 24, 2017

As Amended and Restated May 23, 2017

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AMENDED AND RESTATED BACKSTOP COMMITMENT AGREEMENT

THIS BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT (this "**Agreement**"), dated as of February 24, 2017 (and amended and restated as of May 23. 2017), is made by and among Vanguard Natural Resources, LLC, a Delaware limited liability company and the ultimate parent of each of the other Debtors (as the debtor in possession and a reorganized debtor, as applicable, the "**Company**"), on behalf of itself and each of the other Debtors (as defined below), on the one hand, and each Commitment Party (as defined below), on the other hand. The Company and each Commitment Party is referred to herein, individually, as a "**Party**" and, collectively, as the "**Parties**". Capitalized terms that are used but not otherwise defined in this Agreement shall have the meanings given to them in Section 1.1 hereof or, if not defined therein, shall have the meanings given to them in the Plan.

RECITALS

WHEREAS, the Company, the Commitment Parties (as defined below) and the other Restructuring Support Parties (as defined in the Restructuring Support Agreement) are party to a Restructuring Support Agreement, dated as of February 1, 2017 (including the terms and conditions set forth in the exhibits thereto including the Plan Term Sheet (the "**Restructuring Term Sheet**") attached as Exhibit A to the Restructuring Support Agreement, dated February 1, 2017, and amended as of May 23, 2017 by and among the Company and the signature parties thereto (the Restructuring Term Sheet, the Restructuring Support Agreement and all other the exhibits thereto, as may be amended, supplemented or otherwise modified from time to time, the "**Restructuring Support Agreement**")), which (a) provides for the restructuring of the Debtors' capital structure and financial obligations pursuant to a plan of reorganization to be filed in the Debtors' jointly administered cases (the "**Chapter 11 Cases**") under Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as it may be amended from time to time, the "**Bankruptcy Code**"), pending in the United States Bankruptcy Court for Southern District of Texas (the "**Bankruptcy Court**"), implementing the terms and conditions of the Restructuring Transactions and (b) requires that the Plan be consistent with the Restructuring Support Agreement; and

WHEREAS, pursuant to the Plan and this Agreement, the Company will conduct (a) a rights offering for the 1145 Rights Offering Units (as defined below) at an aggregate purchase price equal to the 1145 Rights Offering Amount (as defined below) and a per-unit purchase price equal to the Per Unit Purchase Price (as defined below), (b) a rights offering for the Accredited Investor Rights Offering Units (as defined below) at an aggregate purchase price equal to the Accredited Investor Rights Offering Amount (as defined below) and a per-unit purchase price equal to the Per Unit Purchase Price and (c) a sale of the 4(a)(2) Backstop Commitment Units (as defined below) at an aggregate purchase price equal to the 4(a)(2) Backstop Commitment Amount and a per-unit purchase price equal to the Per Unit Purchase price; and

WHEREAS, subject to the terms and conditions contained in this Agreement, each Commitment Party has agreed (a) to purchase (on a several and not a joint basis) its Commitment Percentage of the Unsubscribed Units, if any and (b) purchase (on a several and not a joint basis) its Commitment Percentage of the 4(a)(2) Backstop Commitment Units; and

WHEREAS, subject to the terms and conditions contained in this Agreement, each Exit Term Loan Commitment Party (as defined below), including each Incremental Senior Commitment Party (as defined below), have agreed (on a several and not joint basis) to purchase $31,250,000 of the Exit Term Loan;

NOW, THEREFORE, in consideration of the mutual promises, agreements, representations, warranties and covenants contained herein, the Company (on behalf of itself and each other Debtor) and each of the Commitment Parties hereby agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Except as otherwise expressly provided in this Agreement, whenever used in this Agreement (including any Exhibits and Schedules hereto), the following terms shall have the respective meanings specified therefor below or in the Plan, as applicable:

"**1145 Rights**" means the rights to subscribe to up to the 1145 Rights Offering Amount of 1145 Rights Offering Units at a price per share equal to the Per Unit Purchase Price.

"**1145 Rights Offering**" means the offering of the 1145 Rights, to be conducted in reliance upon the exemption from registration under the Securities Act provided in Section 1145 of the Bankruptcy Code, to 1145 Rights Offering Participants in accordance with the 1145 Rights Offering Procedures.

"**1145 Rights Offering Amount**" means an amount equal to $10,176,081.

"**1145 Rights Offering Participants**" means those Persons who duly subscribe for 1145 Rights Offering Units in accordance with the 1145 Rights Offering Procedures.

"**1145 Rights Offering Procedures**" means the procedures with respect to the 1145 Rights Offering that are approved by the Bankruptcy Court pursuant to the Plan Solicitation Order, which procedures shall be in form and substance substantially as set forth on Exhibit A-1 hereto, as may be modified in a manner that is reasonably acceptable to the Requisite Commitment Parties and the Company.

"**1145 Rights Offering Units**" means the Common Units distributed pursuant to and in accordance with the 1145 Rights Offering Procedures in the 1145 Rights Offering (including any such Common Units that are Unsubscribed Units purchased by the Commitment Parties pursuant to this Agreement).

"**2019 Notes**" means those certain 8 3/8% Senior Notes due 2019 issued under the Indenture dated as of May 27, 2011, among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., and each of the guarantors party thereto and U.S. Bank National Association, as trustee as amended and supplemented by the First Supplemental Indenture, dated as of June 28, 2011, the Second Supplemental Indenture dated as of November 19, 2012, the

Third Supplemental Indenture dated as of July 1, 2014 and the Fourth Supplemental Indenture effective as of October 8, 2015, among Vanguard Operating, LLC, the subsidiary guarantors named therein and U.S. Bank National Association, as trustee.

"**2020 Notes**" means those certain 7.875% Senior Notes due 2020 issued under the Indenture dated April 4, 2012, by and among the Company, VNR Finance Corp., and each of the guarantor parties thereto and U.S. Bank National Association, as trustee as amended and supplemented by the First Supplemental Indenture dated as of April 4, 2012 and as further amended and supplemented by the Second Supplemental Indenture dated as of December 9, 2015.

"**2L Available Units**" has the meaning set forth in Section 6.17.

"**2L Investors**" has the meaning set forth in the Restructuring Support Agreement.

"**2L Investment**" means the commitment to purchase an aggregate amount of new Common Units in the amount of $19,250,000 by the 2L Investors.

"**2L Undersubscription**" has the meaning set forth in Section 6.17.

"**4(a)(2) Backstop Commitment**" means the obligation of the Commitment Parties to effect the 4(a)(2) Backstop Commitment Investment.

"**4(a)(2) Backstop Commitment Amount**" means an amount equal to $127,875,000.

"**4(a)(2) Backstop Commitment Investment**" means the purchase by the Commitment Parties of the 4(a)(2) Backstop Commitment Units for the 4(a)(2) Backstop Commitment Amount in connection with the Restructuring Transactions substantially on the terms reflected in the Restructuring Support Agreement and this Agreement.

"**4(a)(2) Backstop Commitment Units**" means the Common Units to be purchased by the Commitment Parties in the 4(a)(2) Backstop Commitment Investment.

"**Acceptable Hedging Program**" has the meaning set forth in Section 6.14.

"**Accredited Investor Rights**" means the rights to subscribe to up to the Accredited Investor Rights Offering Amount of Accredited Investor Rights Offering Units at a price per share equal to the Per Unit Purchase Price.

"**Accredited Investor Rights Offering**" means the offering of the Accredited Investor Rights, to be conducted in reliance upon the exemption from registration under the Securities Act provided in Section 4(a)(2) of the Securities Act, to Accredited Investor Rights Offering Participants in accordance with the Accredited Investor Rights Offering Procedures.

"**Accredited Investor Rights Offering Amount**" means an amount equal to $117,698,919.

"**Accredited Investor Rights Offering Participants**" means those Persons who duly subscribe for Accredited Investor Rights Offering Units in accordance with the Accredited Investor Rights Offering Procedures.

"**Accredited Investor Rights Offering Procedures**" means the procedures with respect to the Accredited Investor Rights Offering that are approved by the Bankruptcy Court pursuant to the Plan Solicitation Order, which procedures shall be in form and substance substantially as set forth on Exhibit A-2 hereto, as may be modified in a manner that is reasonably acceptable to the Requisite Commitment Parties and the Company.

"**Accredited Investor Rights Offering Units**" means the Common Units distributed pursuant to and in accordance with the Accredited Investor Rights Offering Procedures in the Accredited Investor Rights Offering (including any such Common Units that are Unsubscribed Units purchased by the Commitment Parties pursuant to this Agreement).

"**Affiliate**" means, with respect to any Person, any other Person that, directly or indirectly, Controls or is Controlled by or is under common Control with such Person, and shall include the meaning of "affiliate" set forth in section 101(2) of the Bankruptcy Code. "**Affiliated**" has a correlative meaning.

"**Affiliated Fund**" means any investment fund the primary investment advisor to which is a Commitment Party or an Affiliate thereof.

"**Aggregate Common Units**" means the total number of Common Units outstanding as of the Effective Date after giving effect to the Plan (but excluding all Common Units issued or issuable under the EIP).

"**Agreement**" has the meaning set forth in the Preamble.

"**Alternative Transaction**" means any dissolution, winding up, liquidation, reorganization, assignment for the benefit of creditors, merger, transaction, consolidation, business combination, joint venture, partnership, sale of assets, financing (debt or equity), or restructuring of any of the Debtors, other than the Restructuring Transactions.

"**Antitrust Authorities**" means the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, the attorneys general of the several states of the United States and any other Governmental Entity, whether domestic or foreign, having jurisdiction pursuant to the Antitrust Laws, and "**Antitrust Authority**" means any of them.

"**Antitrust Laws**" means the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, and any other Law, whether domestic or foreign, governing agreements in restraint of trade, monopolization, pre-merger notification, the lessening of competition through merger or acquisition or anti-competitive conduct, and any foreign investment Laws.

"**Applicable Consent**" has the meaning set forth in Section 4.7.

"**Available Units**" means the Common Units that any Commitment Party fails to purchase as a result of a Commitment Party Default by such Commitment Party.

"**Bankruptcy Code**" has the meaning set forth in the Recitals.

"**Bankruptcy Court**" has the meaning set forth in the Recitals.

"**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, 28 U.S.C. § 2075, as applicable to the Chapter 11 Cases and the general, local, and chambers rules of the Bankruptcy Court.

"**BCA Approval Obligations**" means the obligations of the Company and the other Debtors under this Agreement and the BCA Approval Order.

"**BCA Approval Order**" means an Order of the Bankruptcy Court that is not stayed under Bankruptcy Rule 6004(h) or otherwise that (a) authorizes the Company (on behalf of itself and the other Debtors) to execute and deliver this Agreement, including all exhibits and other attachments hereto, pursuant to section 363 of the Bankruptcy Code and (b) provides that the Commitment Premium, Expense Reimbursement and the indemnification provisions contained herein shall constitute allowed administrative expenses of the Debtors' estates under sections 503(b) and 507 of the Bankruptcy Code and shall be payable by the Debtors as provided in this Agreement without further Order of the Bankruptcy Court.

"**BHC Act**" means the Bank Holding Company Act of 1956, as amended, and the rules and regulations promulgated thereunder.

"**Business Day**" means any day, other than a Saturday, Sunday or legal holiday, as defined in Bankruptcy Rule 9006(a).

"**Chapter 11 Cases**" has the meaning set forth in the Recitals.

"**Closing**" has the meaning set forth in Section 2.5(a).

"**Closing Date**" has the meaning set forth in Section 2.5(a).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Commitment Party**" means a Joinder Commitment Party, Incremental Senior Commitment Party or a Senior Commitment Party.

"**Commitment Party Default**" means a Joinder Commitment Party Default or a Senior Commitment Party Default.

"**Commitment Party Replacement**" has the meaning set forth in Section 2.3(b).

"**Commitment Party Replacement Period**" has the meaning set forth in Section 2.3(b).

"**Commitment Percentage**" means, with respect to any Commitment Party, such Commitment Party's percentage of the Rights Offering Backstop Commitment and the 4(a)(2) Backstop Commitment as set forth opposite such Commitment Party's name under the column titled "Commitment Percentage" on Schedule 1 to this Agreement. Any reference to "Commitment Percentage" in this Agreement means the Commitment Percentage in effect at the time of the relevant determination.

"**Commitment Premium**" has the meaning set forth in Section 3.1.

"Commitment Premium Party" means each Senior Commitment Party (including in its capacity as Incremental Senior Commitment Party) and each Joinder Commitment Party that is an Exit Term Loan Party.

"**Commitment Premium Share Amount"** means, (a) with respect to a Joinder Commitment Party that has backstopped its Required Exit Term Loan Share by the Required Exit Term Loan Commitment Date, the number of Common Units equal to the product of (i) the quotient obtained by dividing (A) such Joinder Commitment Party's Commitment Percentage by (B) the aggregate Commitment Percentages of the Joinder Commitment Parties, taken as a whole, and (ii) the quotient obtained by dividing (A) the Joinder Commitment Premium Maximum Amount by (B) the Per Unit Purchase Price; (b) with respect to an Incremental Senior Backstop Party, the number of Common Units equal to the product of (i) the quotient obtained by dividing (A) such Incremental Senior Commitment Party's Incremental Commitment Percentage by (B) the aggregate Incremental Commitment Percentage of the Incremental Senior Commitment Parties, taken as a whole, and (ii) the quotient obtained by dividing (A) the Incremental Senior Commitment Premium Amount by (B) the Per Unit Purchase Price, and (c) with respect to a Senior Commitment Party, the number of Common Units equal to the product of (i) the quotient obtained by dividing (A) such Senior Commitment Party's Commitment Percentage by (B) the aggregate Commitment Percentage of the Senior Commitment Parties, taken as a whole, and (ii) the quotient obtained by dividing (A) the Senior Commitment Premium Amount by (B) the Per Unit Purchase Price. For the avoidance of doubt, any Commitment Party that is both an Incremental Senior Commitment Party and a Senior Commitment Party shall be entitled to receive its proportional amount of the Senior Commitment Premium Amount and the Incremental Senior Commitment Premium Amount.

"**Commitment Schedule**" means Schedule 1 to this Agreement, as amended, supplemented or otherwise modified from time to time in accordance with this Agreement.

"**Commitments**" means, collectively, the Rights Offering Backstop Commitment and the 4(a)(2) Backstop Commitment.

"**Common Units**" means the new common equity interests in the reorganized Company.

"**Company**" has the meaning set forth in the Preamble.

"**Company Benefit Plan**" means any "employee pension benefit plan," as defined in Section 3(2) of ERISA (other than a Multiemployer Plan), which is maintained or

contributed to by any Debtor or any of their ERISA Affiliates, or with respect to which any such entity has any actual or contingent liability or obligation.

"**Company Disclosure Schedules**" means the disclosure schedules delivered by the Company to the Commitment Parties on the date of this Agreement.

"**Company Organizational Documents**" means collectively, the organizational documents of the Company and, if applicable, New Parent, including any certificate of formation or applicable articles of incorporation, limited liability company agreement, bylaws, or any similar documents.

"**Company Restructuring**" has the meaning set forth in Section 6.15(a).

"**Company SEC Documents**" means all of the reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed with the SEC by the Company.

"**Complete Business Day**" means on any Business Day, the time beginning at and including 12:00 AM to 11:59 PM, Houston time (inclusive) on such Business Day.

"**Confirmation Order**" means a Final Order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

"**Contract**" means any agreement, contract or instrument, including any loan, note, bond, mortgage, indenture, guarantee, deed of trust, license, franchise, commitment, lease, franchise agreement, letter of intent, memorandum of understanding or other obligation, and any amendments thereto, whether written or oral, but excluding the Plan.

"**Control**" means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or agency or otherwise.

"**Cover Transaction**" has the meaning set forth in Section 2.3(c).

"**Cover Transaction Period**" has the meaning set forth in Section 2.3(c).

"**Covered Fund**" has the meaning set forth in Section 13 of the BCH Act and the regulations issued thereunder.

"**Debtors**" means, collectively: (a) Vanguard Natural Resources, LLC; (b) Eagle Rock Acquisition Partnership, L.P.; (c) Eagle Rock Acquisition Partnership II, L.P.; (d) Eagle Rock Energy Acquisition Co., Inc.; (e) Eagle Rock Energy Acquisition Co. II, Inc.; (f) Eagle Rock Upstream Development Company, Inc.; (g) Eagle Rock Upstream Development Company II, Inc.; (h) Encore Clear Fork Pipeline LLC; (i) Escambia Asset Co. LLC; (j) Escambia Operating Co. LLC; (k) Vanguard Natural Gas, LLC; (l) Vanguard Operating, LLC; (m) VNR Finance Corp.; and (n) VNR Holdings, LLC.

"**Defaulting Commitment Party**" means a Joinder Defaulting Commitment Party or a Senior Defaulting Commitment Party.

"**Definitive Documentation**" means the definitive documents and agreements governing the Restructuring Transactions as set forth in the Restructuring Support Agreement. "**Definitive Documents**" has a correlative meaning. For the avoidance of doubt, all Definitive Documentation shall be subject to the applicable consent rights set forth in Section 3 of the Restructuring Support Agreement.

"**DIP Facility**" means any credit agreement for debtor-in-possession financing.

"**DIP Orders**" means, collectively, any Interim DIP Order, Final DIP Order, and any other interim or Final Order authorizing the Debtors to obtain postpetition financing or use cash collateral.

"**Disclosure Statement**" has the meaning set forth in the Restructuring Support Agreement.

"**Discount to Equity Value**" means 0.25.

"**Effective Date**" means the date upon which (a) no stay of the Confirmation Order is in effect, (b) all conditions precedent to the effectiveness of the Plan have been satisfied or are expressly waived in accordance with the terms thereof, as the case may be, and (c) on which the Restructuring and the other transactions to occur on the Effective Date pursuant to the Plan become effective or are consummated.

"**EIP**" means the new employee incentive plan to be adopted by the reorganized Company, after the Effective Date, on the terms and conditions set forth in the Restructuring Term Sheet.

"**End Date**" has the meaning set forth in Section 9.2(a).

"**Environmental Laws**" means all applicable laws (including common law), rules, regulations, codes, ordinances, orders in council, Orders, decrees, treaties, directives, judgments or legally binding agreements promulgated or entered into by or with any Governmental Entity, relating in any way to the environment, preservation or reclamation of natural resources, the generation, management, Release or threatened Release of, or exposure to, any Hazardous Material.

"**Equity Commitment Agreement**" has the meaning set forth in the Restructuring Support Agreement.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that, together with any of the Debtors, is, or at any relevant time during the past six years was, treated as a single employer under any provision of Section 414 of the Code.

"**Escrow Account**" has the meaning set forth in Section 2.4(a).

"**Escrow Account Funding Date**" has the meaning set forth in Section 2.4(b).

"**Event**" means any event, development, occurrence, circumstance, effect, condition, result, state of facts or change.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Existing Commitment Party Purchaser**" has the meaning set forth in Section 2.6(c).

"**Exit RBL Facility**" means the 'Revolving Facility' as defined in, and on the terms set forth in, the Restructuring Support Agreement, or otherwise reasonably acceptable to the Requisite Commitment Parties.

"**Exit Term Loan Backstop Commitment**" has the meaning set forth in Section 2.7.

"**Exit Term Loan Commitment Party**" has the meaning set forth in Section 2.7.

"**Exit Term Loan**" means the 'Term Facility A' as defined in, and on the terms set forth in, the Restructuring Support Agreement, or otherwise reasonably acceptable to the Requisite Commitment Parties.

"**Expense Reimbursement**" has the meaning set forth in Section 3.3(a).

"**Filing Party**" has the meaning set forth in Section 6.12(b).

"**Final DIP Order**" means an Order authorizing use of cash collateral and/or debtor-in-possession financing on a final basis.

"**Final Order**" means, as applicable, an Order of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter that has not been reversed, stayed, modified, or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the Order could be appealed or from which certiorari could be sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such Order, or has otherwise been dismissed with prejudice.

"**Financial Reports**" has the meaning set forth in Section 6.5.

"**Financial Statements**" has the meaning set forth in Section 4.9.

"**Funding Notice**" has the meaning set forth in Section 2.4(a).

"**Funding Notice Date**" has the meaning set forth in Section 2.4(a).

"**GAAP**" means United States generally accepted accounting principles.

"**Governmental Entity**" has the meaning of "governmental unit" set forth in section 101(27) of the Bankruptcy Code.

"**Hazardous Materials**" means all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including explosive or radioactive substances or petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas, of any nature subject to regulation or which can give rise to liability under any Environmental Law other than naturally occurring radioactive material ("NORM") on or inside of equipment wells or oil and gas property to the extent each of the foregoing is in service.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended from time to time.

"**Hydrocarbons**" means (i) oil, gas, minerals, casinghead gas, coalbed methane, and other gaseous and liquid hydrocarbons, or any combination of the foregoing, (ii) sulfur extracted from hydrocarbons and (iii) all other Lease substances.

"**Incremental Senior Commitment Party**" means each Party listed as such on Schedule 1 to this Agreement, solely with respect to the amount listed on such Schedule as its "Additional Commitment Percentage."

"**Incremental Senior Commitment Premium Amount**" means an amount equal to 17.2% of the Commitment Premium.

"**Indemnified Claim**" has the meaning set forth in Section 8.2.

"**Indemnified Person**" has the meaning set forth in Section 8.1.

"**Indemnifying Party**" has the meaning set forth in Section 8.1.

"**Intellectual Property Rights**" has the meaning set forth in Section 4.15.

"**Interim DIP Order**" means an Order authorizing use of cash collateral and/or debtor-in-possession financing on an interim basis.

"**Investment Company Act**" has the meaning set forth in Section 4.29.

"**IRS**" means the United States Internal Revenue Service.

"**Joinder Commitment Party**" means each Party listed as such on Schedule 1 to this Agreement.

"**Joinder Commitment Party Default**" means the failure by any Joinder Commitment Party to (a) deliver and pay the aggregate Per Unit Purchase Price for such Joinder Commitment Party's Commitment Percentage of any Unsubscribed Units by the Escrow

Account Funding Date in accordance with Section 2.4(b), (b) fully exercise all Subscription Rights that are issued to it pursuant to the Rights Offering and duly purchase all Rights Offering Units issuable to it pursuant to such exercise, in accordance with this Agreement and the Plan or (c) deliver and pay the aggregate Per Unit Purchase Price for such Joinder Commitment Party's 4(a)(2) Backstop Commitment Units by the Escrow Account Funding Date in accordance with Section 2.4(b).

"**Joinder Commitment Premium Maximum Amount**" means an amount equal to 16.7% of the Commitment Premium.

"**Joinder Defaulting Commitment Party**" means in respect of a Joinder Commitment Party Default that is continuing, the applicable defaulting Joinder Commitment Party.

"**Joint Filing Party**" has the meaning set forth in Section 6.12(c).

"**Knowledge of the Company**" means the actual knowledge, after reasonable inquiry of their direct reports, of Scott W. Smith, Richard A. Robert, Britt Pence and Ryan Midgett. As used herein, "actual knowledge" means information that is personally known by the listed individual(s).

"**Law**" means any law (statutory or common), statute, regulation, rule, code or ordinance enacted, adopted, issued or promulgated by any Governmental Entity.

"**Lease**" means any existing oil and gas lease, oil, gas and mineral lease, sublease, and other leasehold interest, and the leasehold estates created thereby, including carried interests, rights of recoupment, options, reversionary interests, convertible interests, rights to reassignment, farm-out/farm-in rights, options and other rights to Hydrocarbons in place, and without limiting the foregoing, other rights of whatever nature relating thereto, whether legal or equitable, and whether vested or contingent.

"**Legal Proceedings**" has the meaning set forth in Section 4.13.

"**Legend**" has the meaning set forth in Section 6.11.

"**Lien**" means any lien, adverse claim, charge, option, right of first refusal, servitude, security interest, mortgage, pledge, deed of trust, easement, encumbrance, restriction on transfer, conditional sale or other title retention agreement, defect in title, lien or judicial lien as defined in sections 101(36) and (37) of the Bankruptcy Code or other restrictions of a similar kind.

"**Losses**" has the meaning set forth in Section 8.1.

"**Material Adverse Effect**" means any Event, which individually, or together with all other Events, has had or would reasonably be expected to have a material and adverse effect on (a) the business, assets, liabilities, finances, properties, results of operations or condition (financial or otherwise) of the Debtors, taken as a whole, or (b) the ability of the Debtors, taken as a whole, to perform their obligations under, or to consummate the transactions

contemplated by, the Transaction Agreements, including the Transactions, in each case, except to the extent such Event results from, arises out of, or is attributable to, the following (either alone or in combination): (i) the events leading up to, the filing or pendency of the Chapter 11 Cases or actions taken in connection with the Chapter 11 Cases that are directed by the Bankruptcy Court and made in compliance with the Bankruptcy Code and the Transaction Agreements; (ii) the effect of any action taken by the Commitment Parties or their Affiliates with respect to the Debtors (including through such Person's participation in the Chapter 11 Cases) in breach of this Agreement; (iii) any matters expressly disclosed in the Disclosure Statement or the Company Disclosure Schedules as delivered on the date hereof; or (iv) the occurrence of a Commitment Party Default.

"**Material Contracts**" means (a) all "plans of acquisition, reorganization, arrangement, liquidation or succession" and "material contracts" (as such terms are defined in Items 601(b)(2) and 601(b)(10) of Regulation S-K under the Exchange Act) to which any of the Debtors is a party, (b) any Contracts to which any of the Debtors is a party that is likely to reasonably involve consideration of more than $5,000,000, in the aggregate, over a twelve-month period, has a term of greater than one year and is not cancelable without material penalty on not more than thirty (30) days' notice, (c) any Hydrocarbon purchase and sale, exchange, marketing, compression, gathering, transportation, processing, refining, or similar Contracts (in each case) to which any of the Debtors is a party that has a term of greater than one year and is not cancelable without material penalty on not more than thirty (30) days' notice (including any Contract providing for volumetric or monetary commitments or indemnification therefor or for dedication of future production), (d) any Contract binding upon the Debtors to sell, lease, farm-out, or otherwise dispose of or encumber any interest in any of the Real Property after the Effective Date, (e) any Contract that would obligate the reorganized Company, the New Parent or any of their respective Subsidiaries to drill additional wells or conduct other material development operations after the Effective Date, (f) any Contract for the use or sharing of drilling rigs, (g) any Contract that is a seismic or other geophysical acquisition agreement or license or (h) any Contract that is a water rights agreement or disposal agreement, and all other Contracts relating to the sourcing, transportation or disposal of water.

"**Milbank**" means Milbank, Tweed, Hadley & McCloy LLP.

"**Money Laundering Laws**" has the meaning set forth in Section 4.26(a).

"**Multiemployer Plan**" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which any of the Debtors or any ERISA Affiliate is making or accruing an obligation to make contributions, has within any of the preceding six plan years made or accrued an obligation to make contributions, or each such plan with respect to which any such entity has any actual or contingent liability or obligation.

"**Net Debt Amount**" means an amount equal to $1,023,000,000.

"**New Parent**" has the meaning set forth in Section 6.15(a).

"**New Purchaser**" has the meaning set forth in Section 2.6(d).

"**Non-Consenting Commitment Party**" has the meaning set forth in Section 6.16.

"**Note Claims**" means all claims and obligations arising under or in connection with the 2020 Notes and the 2019 Notes.

"**Noteholders**" means all holders of the Notes.

"**Notes**" means, collectively, the 2020 Notes and the 2019 Notes.

"**Order**" means any judgment, order, award, injunction, writ, permit, license or decree of any Governmental Entity or arbitrator of applicable jurisdiction.

"**Outside Date**" has the meaning set forth in Section 9.2(a).

"**Party**" has the meaning set forth in the Preamble.

"**PBGC**" means the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"**Per Unit Purchase Price**" means (a)(i) the Plan Enterprise Value minus (ii) the Net Debt Amount multiplied by (b) (i) one (1) minus (ii) the Discount to Equity Value and then divided by (c) the Aggregate Common Units, rounded to two decimal places.

"**Permitted Liens**" means (a) Liens for Taxes that (i) are not yet delinquent or (ii) are being contested in good faith by appropriate proceedings and for which adequate reserves have been made with respect thereto; (b) landlord's, operator's, vendors', carriers', warehousemen's, mechanics', materialmen's, repairmen's and other similar Liens for labor, materials or supplies or other like Liens arising by operation of law in the ordinary course of business or incident to the exploration, development, operation and maintenance of oil and gas properties provided with respect to any Real Property or personal property incurred in the ordinary course of business consistent with past practice and as otherwise not prohibited under this Agreement, for amounts that are not more than sixty (60) days delinquent and that do not materially detract from the value of, or materially impair the use of, any of the Real Property or personal property of any of the Debtors, or, if for amounts that do materially detract from the value of, or materially impair the use of, any of the Real Property or personal property of any of the Debtors, if such Lien is being contested in good faith by appropriate proceedings and for which adequate reserves have been made with respect thereto; (c) zoning, building codes and other land use Laws regulating the use or occupancy of any Real Property or the activities conducted thereon that are imposed by any Governmental Entity having jurisdiction over such Real Property; provided, that no such zoning, building codes and other land use Laws prohibit the use or occupancy of such Real Property; (d) easements, covenants, conditions, minor encroachments, restrictions and other similar matters adversely affecting title to any Real Property and other title defects and encumbrances that do not or would not materially impair the use or occupancy of such Real Property or the operation of the Debtors' business; (e) Liens granted under any Contracts (including joint operating agreements, oil and gas leases, farmout agreements, joint development agreements, transportation agreements, marketing agreements,

seismic licenses and other similar operational oil and gas agreements), in each case, to the extent the same are ordinary and customary in the oil and gas business and do not or would not materially impair the ownership, use or occupancy of any Real Property or the operation of the Debtors' business and which are for claims not more than sixty (60) days delinquent or, if such claim does materially impair such ownership, use, occupancy or operation and are for obligations that are more than sixty (60) days delinquent, are being contested in good faith by appropriate proceedings and for which adequate reserves have been made with respect thereto; (f) Liens granted under the DIP Facility and the DIP Orders; (g) from and after the occurrence of the Effective Date, Liens granted in connection with the Exit RBL Facility and Exit Term Loans; (h) Liens listed on Section 1.1 of the Company Disclosure Schedules; and (i) Liens that, pursuant to the Confirmation Order, will not survive beyond the Effective Date.

"**Person**" means an individual, firm, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, association, trust, Governmental Entity or other entity or organization.

"**Plan**" means the Debtors' joint plan of reorganization to be approved by the Confirmation Order, including the Plan Supplement and all exhibits, supplements, appendices and schedules thereto, consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably satisfactory to each of the Requisite Commitment Parties, as may be amended, supplemented, or modified from time to time in accordance with its terms and with the Restructuring Support Agreement and this Agreement and in a manner that is reasonably acceptable to the Requisite Commitment Parties.

"**Plan Enterprise Value**" means an amount equal to $1,425,000,000.

"**Plan Solicitation Order**" means an Order consistent with the Restructuring Support Agreement and this Agreement and otherwise in form and substance reasonably acceptable to the Requisite Commitment Parties and the Company, approving the Disclosure Statement with respect to the Plan and approving the Rights Offering Procedures and the solicitation with respect to the Plan which are consistent with the Restructuring Support Agreement and this Agreement and otherwise in form and substance reasonably acceptable to the Requisite Commitment Parties and the Company.

"**Plan Supplement**" means the documents set forth on Exhibit C to the Restructuring Support Agreement.

"**Pre-Closing Period**" has the meaning set forth in Section 6.3.

"**RBL Agent**" means Citibank, N.A., or any successor thereto, as administrative agent under the RBL Credit Agreement, solely in its capacity as such.

"**RBL Credit Agreement**" means that certain Third Amended and Restated Credit Agreement, dated as of September 30, 2011, by and among Vanguard Natural Gas, LLC, the lenders from time to time party thereto and the RBL Agent.

"**Real Property**" means, collectively, all right, title and interest (including any leasehold estate) in and to any and all parcels of or interests in real property owned in fee or leased by any of the Debtors, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures incidental to the ownership or lease thereof.

"**Registration Rights Agreement**" has the meaning set forth in Section 6.7(a).

"**Related Party**" means, with respect to any Person, (i) any former, current or future director, officer, agent, Affiliate, employee, general or limited partner, member, manager or stockholder of such Person and (ii) any former, current or future director, officer, agent, Affiliate, employee, general or limited partner, member, manager or stockholder of any of the foregoing.

"**Related Purchaser**" has the meaning set forth in Section 2.6(b).

"**Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing or migrating. "**Released**" has a correlative meaning.

"**Replacing Commitment Parties**" has the meaning set forth in Section 2.3(b).

"**Representatives**" means, with respect to any Person, such Person's directors, officers, members, partners, managers, employees, agents, investment bankers, attorneys, accountants, advisors and other representatives.

"**Required Exit Term Loan Commitment Date**" means June 2, 2017.

"Required Exit Term Loan Share" means the percentage of the Exit Term Loan Backstop Commitment set forth next to the name of a Joinder Commitment Party on Schedule 1 as its Required Exit Term Loan Share.

"**Requisite Commitment Parties**" means the Senior Commitment Parties holding at least two-thirds of the aggregate Rights Offering Backstop Commitments as of the date on which the consent or approval of such members is solicited.

"**Reserve Report**" has the meaning set forth in Section 4.27.

"**Restructuring**" has the meaning set forth in the Restructuring Support Agreement.

"**Restructuring Support Agreement**" has the meaning set forth in the Recitals.

"**Restructuring Term Sheet**" has the meaning set forth in the Recitals.

"**Restructuring Transactions**" means, collectively, the transactions contemplated by the Restructuring Support Agreement.

"**Rights Offering**" means the 1145 Rights Offering and the Accredited Investor Rights Offering that are backstopped by the Commitment Parties for the 1145 Rights Offering Amount and the Accredited Investor Rights Offering Amount, respectively, in connection with the Restructuring Transactions substantially on the terms reflected in the Restructuring Support Agreement and this Agreement, and in accordance with the Rights Offering Procedures.

"**Rights Offering Amount**" means the sum of the 1145 Rights Offering Amount and the Accredited Investor Rights Offering Amount.

"**Rights Offering Backstop Commitment**" has the meaning set forth in Section 2.2(b).

"**Rights Offering Commencement Time**" means the time and date set forth in the Rights Offering Procedures.

"**Rights Offering Expiration Time**" means the time and the date on which the rights offering subscription forms must be duly delivered to the Rights Offering Subscription Agent in accordance with the Rights Offering Procedures, together with the applicable aggregate Per Unit Purchase Price, if applicable.

"**Rights Offering Participants**" means those Persons who duly subscribe for Rights Offering Units in accordance with the Rights Offering Procedures.

"**Rights Offering Procedures**" means the 1145 Rights Offering Procedures and the Accredited Investor Rights Offering Procedures.

"**Rights Offering Units**" means the 1145 Rights Offering Units and the Accredited Investor Rights Offering Units.

"**Rights Offering Subscription Agent**" means Delaware Trust Company or another subscription agent appointed by the Company and satisfactory to the Requisite Commitment Parties.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Senior Commitment Party**" means each Party listed as such on Schedule 1 to this Agreement.

"**Senior Commitment Party Default**" means the failure by any Senior Commitment Party to (a) deliver and pay the aggregate Per Unit Purchase Price for such Senior Commitment Party's Commitment Percentage of any Unsubscribed Units by the Escrow Account Funding Date in accordance with Section 2.4(b), (b) deliver and pay the aggregate Per Unit Purchase Price for such Senior Commitment Party's relative Commitment Percentage of any Available Units resulting from a Joinder Commitment Party Default by the Escrow Account Funding Date in accordance with Section 2.4(b), (c) fully exercise all Subscription Rights that are issued to it pursuant to the Rights Offering and duly purchase all Rights Offering Units

issuable to it pursuant to such exercise, in accordance with this Agreement and the Plan or (d) deliver and pay the aggregate Per Unit Purchase Price for such Senior Commitment Party's 4(a)(2) Backstop Commitment Units by the Escrow Account Funding Date in accordance with Section 2.4(b).

"**Senior Commitment Premium Amount**" means an amount equal to the Commitment Premium minus the sum of (a) the Joinder Commitment Party Premium Maximum Amount multiplied by the quotient obtained by dividing (y) the Commitment Percentage of all Joinder Commitment Parties who backstopped their Required Exit Term Loan Share by (z) the Commitment Percentage of all Joinder Commitment Parties plus (b) the Incremental Senior Premium Amount.

"**Senior Defaulting Commitment Party**" means in respect of a Senior Commitment Party Default that is continuing, the applicable defaulting Senior Commitment Party.

"**Subscription Rights**" means the subscription rights to purchase Rights Offering Units.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, joint venture or other legal entity as to which such Person (either alone or through or together with any other subsidiary), (a) owns, directly or indirectly, more than fifty percent (50%) of the stock or other equity interests, (b) has the power to elect a majority of the board of directors or similar governing body, or (c) has the power to direct the business and policies.

"**Taxes**" means all taxes, assessments, duties, levies or other mandatory governmental charges paid to a Governmental Entity, including all federal, state, local, foreign and other income, franchise, profits, gross receipts, capital gains, capital stock, transfer, property, sales, use, value-added, occupation, excise, severance, windfall profits, stamp, payroll, social security, withholding and other taxes, assessments, duties, levies or other mandatory governmental charges of any kind whatsoever paid to a Governmental Entity (whether payable directly or by withholding and whether or not requiring the filing of a return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest thereon and shall include any liability for such amounts as a result of being a member of a combined, consolidated, unitary or affiliated group. For the avoidance of doubt, such term shall exclude any tax, penalties or interest thereon that result or have resulted from the non-payment of royalties.

"**Total Commitment Amount**" means an amount equal to the 4(a)(2) Backstop Commitment Amount plus the Rights Offering Amount.

"**Transaction Agreements**" has the meaning set forth in Section 4.2(a).

"**Transactions**" means, collectively, the 4(a)(2) Backstop Commitment Investment and the Rights Offering.

"**Transfer**" means to sell, transfer, assign, pledge, hypothecate, participate, donate or otherwise encumber or dispose of, directly or indirectly (including through derivatives,

options, swaps, pledges, forward sales or other transactions in which any Person receives the right to own or acquire any current or future interest in a Subscription Right, a Note Claim, a Rights Offering Unit, a 4(a)(2) Backstop Commitment Unit or Common Unit). "**Transfer**" used as a noun has a correlative meaning.

"**Unsubscribed Units**" means the Rights Offering Units that have not been duly purchased in the Rights Offering by Noteholders that are not Commitment Parties in accordance with the Rights Offering Procedures and the Plan.

"**Volcker Rule**" has the meaning set forth in Section 4.32(a).

"**willful or intentional breach**" has the meaning set forth in Section 9.4(a).

Section 1.2 Construction. In this Agreement, unless the context otherwise requires:

(a) references to Articles, Sections, Exhibits and Schedules are references to the articles and sections or subsections of, and the exhibits and schedules attached to, this Agreement;

(b) references in this Agreement to "writing" or comparable expressions include a reference to a written document transmitted by means of electronic mail in portable document format (pdf), facsimile transmission or comparable means of communication;

(c) words expressed in the singular number shall include the plural and vice versa; words expressed in the masculine shall include the feminine and neuter gender and vice versa;

(d) the words "hereof", "herein", "hereto" and "hereunder", and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole, including all Exhibits and Schedules attached to this Agreement, and not to any provision of this Agreement;

(e) the term "this Agreement" shall be construed as a reference to this Agreement as the same may have been, or may from time to time be, amended, modified, varied, novated or supplemented;

(f) "include", "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words;

(g) references to "day" or "days" are to calendar days;

(h) references to "the date hereof" means the date of this Agreement;

(i) unless otherwise specified, references to a statute means such statute as amended from time to time and includes any successor legislation thereto and any rules or regulations promulgated thereunder in effect from time to time; and

(j) references to "dollars" or "$" refer to currency of the United States of America, unless otherwise expressly provided.

ARTICLE II

BACKSTOP COMMITMENT

Section 2.1 The Transactions; Subscription Rights.

(a) On and subject to the terms and conditions hereof, including entry of the BCA Approval Order by the Bankruptcy Court, the Company shall conduct the Rights Offering and the 4(a)(2) Backstop Commitment Investment pursuant to and in accordance with the Rights Offering Procedures, this Agreement and the Plan Solicitation Order, as applicable.

(b) If reasonably requested by the Requisite Commitment Parties from time to time prior to the Rights Offering Expiration Time (and any permitted extensions thereto), the Company shall notify, or cause the Rights Offering Subscription Agent to notify, within 48 hours of receipt of such request by the Company, the Commitment Parties of the aggregate number of Subscription Rights known by the Company or the Rights Offering Subscription Agent to have been exercised pursuant to the Rights Offering as of the most recent practicable time before such request. The 1145 Rights Offering will be conducted, and the Common Units issued in satisfaction of the Company's obligation to pay the Commitment Premium will be issued, in reliance upon the exemption from registration under the Securities Act provided in Section 1145 of the Bankruptcy Code, and the Disclosure Statement will include a statement to that effect. Each of the Accredited Investor Rights Offering and the 4(a)(2) Backstop Commitment Investment will be conducted in reliance upon the exemption from registration under the Securities Act provided in Section 4(a)(2) of the Securities Act, and the Disclosure Statement shall include a statement to such effect. The offer and sale of the Unsubscribed Units purchased by the Commitment Parties pursuant to this Agreement will be made in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act or another available exemption from registration under the Securities Act, and the Disclosure Statement shall include a statement to such effect.

Section 2.2 The Commitments.

(a) On and subject to the terms and conditions hereof, including entry of the BCA Approval Order, each Commitment Party agrees, severally (in accordance with its Commitment Percentage) and not jointly, to fully exercise (or cause certain of its and its affiliates' managed funds and/or accounts to fully exercise) all Subscription Rights that are issued to it (or such managed funds or accounts) pursuant to the Rights Offering, and duly purchase all Rights Offering Units issuable to it pursuant to such exercise, in accordance with the Rights Offering Procedures and the Plan; provided that any Defaulting Commitment Party shall be liable to each Senior Commitment Party that is not a Defaulting Commitment Party, and the Company, as a result of any breach of its obligations hereunder.

(b) On and subject to the terms and conditions hereof, including entry of the Confirmation Order, each Commitment Party agrees, severally (in accordance with its

Commitment Percentage) and not jointly, to purchase (or cause certain of its and its affiliates' managed funds and/or accounts to purchase), and the Company shall sell to such Commitment Party (or such managed funds or accounts), on the Closing Date for the applicable aggregate Per Unit Purchase Price, the number of Unsubscribed Units equal to (x) such Commitment Party's Commitment Percentage multiplied by (y) the aggregate number of Unsubscribed Units, rounded among the Commitment Parties solely to avoid fractional units as the Requisite Commitment Parties may determine in their sole discretion (provided that in no event shall such rounding reduce the aggregate commitment of such Commitment Parties). The obligations of the Commitment Parties to purchase such Unsubscribed Units as described in this Section 2.2(b) shall be referred to as the "**Rights Offering Backstop Commitment**".

(c) On and subject to the terms and conditions hereof, including entry of the Confirmation Order, each Commitment Party agrees, severally (in accordance with its Commitment Percentage) and not jointly, to purchase (or cause certain of its and its affiliates' managed funds and/or accounts to purchase), and the Company shall sell to such Commitment Party (or such managed funds or accounts), on the Closing Date for the applicable aggregate Per Unit Purchase Price, the number of 4(a)(2) Backstop Commitment Units equal to (x) such Commitment Party's Commitment Percentage multiplied by (y) the aggregate number of 4(a)(2) Backstop Commitment Units, rounded among the Commitment Parties solely to avoid fractional units as the Requisite Commitment Parties may determine in their sole discretion (provided that in no event shall such rounding reduce the aggregate commitment of such Commitment Parties); provided that any Defaulting Commitment Party shall be liable to each Senior Commitment Party that is not a Defaulting Commitment Party, and the Company, as a result of any breach of its obligations hereunder.

Section 2.3 Commitment Party Default; Replacement of Defaulting Commitment Parties.

(a) Upon the occurrence of a Joinder Commitment Party Default, the Senior Commitment Parties and their respective Affiliated Funds, shall, within four (4) Business Days after receipt of written notice from the Company to all Senior Commitment Parties of such Joinder Commitment Party Default, which notice shall be given promptly following the occurrence of such Joinder Commitment Party Default and to all Senior Commitment Parties concurrently, make arrangements to purchase all Available Units on the terms and subject to the conditions set forth in this Agreement based upon the relative applicable Commitment Percentages of the Senior Commitment Parties and their Affiliated Funds. Any Available Units so purchased by a Senior Commitment Party (and any commitment and applicable aggregate Per Unit Purchase Price associated therewith) shall be included, among other things, in the determination of (x) the Common Units to be purchased by such Senior Commitment Party for all purposes hereunder and (y) the Commitment Percentage of such Senior Commitment Party for purposes of Section 2.3(e), Section 2.4(b), Section 3.1 and Section 3.2. If a Joinder Commitment Party Default occurs, the Outside Date shall be delayed only to the extent necessary to allow for the purchase by the Senior Commitment Parties to be completed in accordance with this Section 2.3.

(b) Upon the occurrence of a Senior Commitment Party Default, the Senior Commitment Parties and their respective Affiliated Funds (other than any Defaulting

Commitment Party) shall have the right and opportunity (but not the obligation), within four (4) Business Days after receipt of written notice from the Company to all Commitment Parties of such Senior Commitment Party Default, which notice shall be given promptly following the occurrence of such Commitment Party Default and to all Commitment Parties substantially concurrently (such four (4) Business Day period, the "**Commitment Party Replacement Period**"), to make arrangements for one or more of the Senior Commitment Parties and their respective Affiliated Funds (other than the Defaulting Commitment Party) to purchase all or any portion of the Available Units (such purchase, a "**Commitment Party Replacement**") on the terms and subject to the conditions set forth in this Agreement and in such amounts as may be agreed upon by all of the Senior Commitment Parties electing to purchase all or any portion of the Available Units, or, if no such agreement is reached, based upon the relative applicable Commitment Percentages of any such Senior Commitment Parties and their respective Affiliated Funds (other than any Defaulting Commitment Party) (such Commitment Parties the "**Replacing Commitment Parties**"). Any Available Units purchased by a Replacing Commitment Party (and any commitment and applicable aggregate Per Unit Purchase Price associated therewith) shall be included, among other things, in the determination of (x) the Unsubscribed Units of such Replacing Commitment Party for all purposes hereunder, (y) the Commitment Percentage of such Replacing Commitment Party for purposes of Section 2.3(e), Section 2.4(b), Section 3.1 and Section 3.2 and (z) the Backstop Commitment of such Replacing Commitment Party for purposes of the definition of "Requisite Commitment Parties". If a Senior Commitment Party Default occurs, the Outside Date shall be delayed only to the extent necessary to allow for the Commitment Party Replacement to be completed within the Commitment Party Replacement Period.

(c) In the event that any Available Units are available for purchase pursuant to Section 2.3(b) and the Senior Commitment Parties do not elect to purchase all such Available Units pursuant to the provisions thereof, the Company may, in its sole discretion, elect to utilize the Cover Transaction Period to consummate a Cover Transaction. As used herein, "**Cover Transaction**" means a circumstance in which the Company arranges for the sale of all or any portion of the Available Shares to any other Person, on the terms and subject to the conditions set forth in this Agreement, during the Cover Transaction Period, and "**Cover Transaction Period**" means the ten (10) Business Day period following expiration of the four (4) Business Day period specified in Section 2.3(b). For the avoidance of doubt, the Company's election to pursue a Cover Transaction, whether or not consummated, shall not relieve any Commitment Party of its obligation to fulfill its Commitments.

(d) Notwithstanding anything in this Agreement to the contrary, if a Commitment Party is a Defaulting Commitment Party, or if this Agreement is terminated with respect to such Commitment Party as a result of its default hereunder, it shall not be entitled to any of the Commitment Premium or expense reimbursement applicable to such Defaulting Commitment Party (including the Expense Reimbursement) or indemnification provided, or to be provided, under or in connection with this Agreement (and if (x) the Closing occurs notwithstanding such a default or termination with respect to a Commitment Party, and (y) the amount funded in the Rights Offering (including the purchase of Unsubscribed Shares hereunder) and the 4(a)(2) Backstop Commitment Investment is less than the Total

Commitment Amount because of the failure of such Commitment Party to fund, then the Commitment Premium shall be reduced ratably).

(e) Except as set forth in Section 2.3(a) and (b) above, nothing in this Agreement shall be deemed to require a Senior Commitment Party to purchase more than its Commitment Percentage of the Unsubscribed Units.

(f) For the avoidance of doubt, notwithstanding anything to the contrary set forth in Section 9.4 but subject to Section 10.10, no provision of this Agreement shall relieve any Joinder Commitment Party or Senior Defaulting Commitment Party from liability hereunder, or limit the availability of the remedies set forth in Section 10.9, in connection with any such Defaulting Commitment Party's Commitment Party Default.

Section 2.4 Escrow Account Funding.

(a) Funding Notice. No later than the seventh (7^{th}) Business Day following the Rights Offering Expiration Time, the Rights Offering Subscription Agent shall, on behalf of the Company, deliver to each Commitment Party a written notice (the "**Funding Notice**," and the date of such delivery, the "**Funding Notice Date**") setting forth (i) the number of Rights Offering Units elected to be purchased by the Rights Offering Participants, and the aggregate Per Unit Purchase Price therefor; (ii) the aggregate number of Unsubscribed Units, if any, and the aggregate Per Unit Purchase Price therefor; (iii) the Commitment Party's Commitment Percentage and the aggregate number of Rights Offering Units (based upon such Commitment Party's Commitment Percentage) to be issued and sold by the Company to such Commitment Party on account of any Unsubscribed Units, and the aggregate Per Unit Purchase Price therefor; (iv) if applicable, the number of Rights Offering Units such Commitment Party is subscribed for in the Rights Offering and for which such Commitment Party had not yet paid to the Rights Offering Subscription Agent the aggregate Per Unit Purchase Price therefor, together with such aggregate Per Unit Purchase Price; (v) the number of 4(a)(2) Backstop Commitment Units each Commitment Party is obligated to purchase, and the aggregate Per Unit Purchase Price therefor; and (vi) subject to the last sentence of Section 2.4(b), the escrow account designated in escrow agreements satisfactory to the Requisite Commitment Parties and the Company, each acting reasonably, to which such Commitment Party shall deliver and pay the aggregate Per Unit Purchase Price for such Commitment Party's Commitment Percentage of the Unsubscribed Units, such Commitment Party's aggregate Per Unit Purchase Price for the 4(a)(2) Backstop Commitment Units and, if applicable, the aggregate Per Unit Purchase Price for the Rights Offering Units such Commitment Party has subscribed for in the Rights Offering (the "**Escrow Account**"). The Company shall promptly direct the Rights Offering Subscription Agent to provide any written backup, information and documentation relating to the information contained in the applicable Funding Notice as any Commitment Party may reasonably request.

(b) Escrow Account Funding. On the Effective Date or such earlier date agreed with the Requisite Commitment Parties pursuant to escrow agreements satisfactory to the Requisite Commitment Parties and the Company, each acting reasonably, which shall not be earlier than the fourth (4^{th}) Business Day following receipt of the Funding Notice or more than five (5) Business Days prior to the planned Effective Date (the "**Escrow Account Funding Date**"), each Commitment Party shall deliver and pay an amount equal to the sum of (i) the

aggregate Per Unit Purchase Price for such Commitment Party's Commitment Percentage of the Unsubscribed Units, plus (ii) the aggregate Per Unit Purchase Price for the Common Units issuable pursuant to such Commitment Party's exercise of all the Subscription Rights issued to it in the Rights Offering, plus (iii) the aggregate Per Unit Purchase Price for the 4(a)(2) Backstop Commitment Units to be purchased by such Commitment Party, by wire transfer of immediately available funds in U.S. dollars into the Escrow Account in satisfaction of such Commitment Party's Rights Offering Backstop Commitment, its obligations to fully exercise its Subscription Rights and its obligations to purchase its portion of the 4(a)(2) Backstop Commitment Units. If the Closing does not occur, all amounts deposited by the Commitment Parties in the Escrow Account shall be returned to the Commitment Parties in accordance with the terms of the escrow agreement. Notwithstanding the foregoing, all payments contemplated to be made by any Commitment Party to the Escrow Account pursuant to this Section 2.4 may instead be made, at the option of such Commitment Party, to a segregated bank account of the Rights Offering Subscription Agent designated by the Rights Offering Subscription Agent in the Funding Notice and shall be delivered and paid to such account on the Escrow Account Funding Date.

Section 2.5 Closing.

(a) Subject to Article VII, unless otherwise mutually agreed in writing between the Company and the Requisite Commitment Parties, the closing of the Transactions (the "**Closing**") shall take place at the offices of Milbank, 28 Liberty Street, New York, New York 10005, at 10:00 a.m., New York City time, on the date on which all of the conditions set forth in Article VII shall have been satisfied or waived in accordance with this Agreement (other than conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions). The date on which the Closing actually occurs shall be referred to herein as the "**Closing Date**".

(b) At the Closing, the funds held in the Escrow Account (and any amounts paid to a Rights Offering Subscription Agent bank account pursuant to the last sentence of Section 2.4(b)) shall, as applicable, be released and utilized in accordance with the Plan.

(c) At the Closing, issuance of the Unsubscribed Units and the 4(a)(2) Backstop Commitment Units will be made by the Company to each Commitment Party (or to its designee in accordance with Section 2.6(b) against payment of the aggregate Per Unit Purchase Price for the Unsubscribed Units and the 4(a)(2) Backstop Commitment Units purchased by such Commitment Party, in satisfaction of such Commitment Party's Commitments. Unless a Commitment Party requests delivery of a physical unit certificate, the entry of any Unsubscribed Units and 4(a)(2) Backstop Commitment Units to be delivered pursuant to this Section 2.5(c) into the account of a Commitment Party pursuant to the Company's book entry procedures and delivery to such Commitment Party of an account statement reflecting the book entry of such Unsubscribed Units and 4(a)(2) Backstop Commitment Units shall be deemed delivery of such Unsubscribed Units and 4(a)(2) Backstop Commitment Units for purposes of this Agreement. Notwithstanding anything to the contrary in this Agreement, all Unsubscribed Units and 4(a)(2) Backstop Commitment Units will be delivered with all issue, stamp, transfer, sales and use, or similar transfer Taxes or duties that are due and payable (if any) in connection with such delivery duly paid by the Company on behalf of the Company.

(d) At the Closing, each Exit Term Loan Commitment Party shall deliver and pay an amount equal to such Exit Term Loan Commitment Party's Exit Term Loan Backstop Commitment, by wire transfer of immediately available funds in U.S. dollars to the agent under the Exit Term Loan for the benefit of the lenders under the RBL Credit Agreement that elect treatment under "Option 1" as defined in the Restructuring Term Sheet.

Section 2.6 Designation and Assignment Rights.

(a) Other than as expressly set forth in this Section 2.6, no Commitment Party shall be permitted to Transfer its Commitments.

(b) Each Commitment Party shall have the right to designate by written notice to the Company, the Subscription Agent and Milbank, no later than two (2) Business Days prior to the Closing Date that some or all of the Unsubscribed Units or 4(a)(2) Backstop Commitment Units that it is obligated to purchase hereunder be issued in the name of, and delivered to, one or more of its Affiliates or Affiliated Funds (other than any portfolio company of such Commitment Party (or its Affiliates) or any Subsidiary thereof) (each, a "**Related Purchaser**") upon receipt by the Company of payment therefor in accordance with the terms hereof, which notice of designation shall (i) be addressed to the Company and signed by such Commitment Party and each such Related Purchaser, (ii) specify the number of Unsubscribed Units or 4(a)(2) Backstop Commitment Units to be delivered to or issued in the name of such Related Purchaser and (iii) contain a confirmation by each such Related Purchaser of the accuracy of the representations set forth in Sections 5.6 through 5.9 as applied to such Related Purchaser; provided, that no such Transfer pursuant to this Section 2.6(b) shall relieve such Commitment Party from its obligations under this Agreement. Additionally, subject to Section 2.6(e), each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any creditworthy Related Purchaser, provided, that such Commitment Party shall (i) provide written notice to the Company of such Transfer as far in advance thereof as practicable and (ii) deliver to the Company, the Rights Offering Subscription Agent and Milbank a joinder to this Agreement, substantially in the form attached hereto as Exhibit B, executed by such Commitment Party and such Related Purchaser.

(c) Subject to Section 2.6(e), each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any other Commitment Party or such other Commitment Party's Related Purchaser (each, an "**Existing Commitment Party Purchaser**"), provided, that (i) such Existing Commitment Party Purchaser or such Existing Commitment Party Purchaser's Affiliate or Affiliated Fund shall have been a Commitment Party as of immediately prior to such Transfer and (ii)(1) to the extent such Existing Commitment Party Purchaser is not a Commitment Party hereunder, such Commitment Party shall deliver to the Company, the Rights Offering Subscription Agent and Milbank a joinder to this Agreement, substantially in the form attached hereto as Exhibit C-1, executed by such Commitment Party and such Existing Commitment Party Purchaser and (2) to the extent such Existing Commitment Party Purchaser is already a Commitment Party hereunder, such Commitment Party shall deliver to the Company, the Rights Offering Subscription Agent and Milbank an amendment to this Agreement, substantially in the form attached hereto as Exhibit C-2, executed by such Commitment Party and such Existing Commitment Party Purchaser.

(d) Subject to Section 2.6(e), each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any Person that is not an Existing Commitment Party Purchaser (each of the Persons to whom a Transfer is made, a "**New Purchaser**"), provided, that (i) such Transfer shall have been consented to by the Requisite Commitment Parties in writing (such consent not to be unreasonably withheld, conditioned or delayed; provided, that the Requisite Commitment Parties shall be deemed to have so consented if they fail to deliver an objection to such Transfer in writing to Milbank by the close of business on the third (3rd) Complete Business Day following delivery of such proposed Transfer), (ii) such Transfer shall have been consented to by the Company in writing (such consent not be unreasonably withheld, conditioned or delayed, it being understood that it would be unreasonable for the Company to withhold its consent to any such Transfer if the New Purchaser has the financial wherewithal to fulfill its obligations with respect to the Commitments to be transferred; provided, that the Company shall be deemed to have so consented if it fails to deliver an objection to such Transfer in writing to Milbank by the close of business on the third (3rd) Complete Business Day following delivery of such proposed Transfer), and (iii) such Commitment Party shall deliver to the Company, the Rights Offering Subscription Agent and Milbank a joinder to this Agreement, substantially in the form attached hereto as Exhibit D executed by such Commitment Party, such New Purchaser and the Company.

(e) No Commitment Party shall have the right to Transfer all or any portion of its Commitments to the Company or any of the Company's Affiliates. A Commitment Party shall have the right to Transfer all or any portion of its Commitments to any other Person pursuant to the terms of this Agreement whether or not it is making a simultaneous transfer of a corresponding amount of the Note Claims. For the avoidance of doubt, it is the intent of the Parties that a Transfer of the Commitments pursuant to this Section 2.6 will represent a transfer of proportional portions of the Rights Offering Backstop Commitment and the 4(a)(2) Backstop Commitment and that, accordingly, any Transfer of such Commitment Party's Rights Offering Backstop Commitment or 4(a)(2) Backstop Commitment shall be permitted only if coupled by a proportional Transfer of the other. Except as set forth in the first sentence of Section 2.6(b), no Commitment Party shall have the right to Transfer all or any portion of its Commitments to any other Person following receipt of the Funding Notice pursuant to, and in accordance with, Section 2.4. Any Commitment Party seeking to Transfer its Commitments to any other Person must provide the Company, the Subscription Agent and Milbank with prior written notice of such proposed Transfer no less than three (3) Complete Business Days prior to the date of the consummation of such proposed Transfer. Any Transfer made (or attempted to be made) in violation of this Agreement shall be deemed null and void *ab initio* and of no force or effect, regardless of any prior notice provided to the Parties or any Commitment Party, and shall not create (or be deemed to create) any obligation or liability of any other Commitment Party or any Debtor to the purported transferee or limit, alter or impair any agreements, covenants, or obligations of the proposed transferor under this Agreement. After the Closing Date, nothing in this Agreement shall limit or restrict in any way the ability of any Commitment Party (or any permitted transferee thereof) to Transfer any of the Common Units or any interest therein.

(f) Any Person that is Transferred a Commitment by a Joinder Commitment Party in compliance with the terms of this Section 2.6 shall be a Joinder Commitment Party with respect to such Commitment, as applicable, for all purposes herein. Any Person that is

Transferred a Commitment by a Senior Commitment Party in compliance with the terms of this Section 2.6 shall be a Senior Commitment Party with respect to such Commitment. Any Person that is Transferred an Incremental Commitment by an Incremental Senior Commitment Party in compliance with the terms of this Section 2.6, shall be an Incremental Senior Commitment Party with respect to such Incremental Commitment.

(g) No Exit Term Loan Commitment Party shall be permitted to Transfer its Exit Term Loan Backstop Commitment, other than (i) a Transfer of all or any portion of its Exit Term Loan Backstop Commitment to any creditworthy Related Purchaser, provided, that such Exit Term Loan Commitment Party shall (A) provide written notice to the Company and Milbank of such Transfer as far in advance thereof as practicable and (B) to the extent such Related Purchaser is not an Exit Term Loan Commitment Party hereunder deliver to the Company and Milbank a joinder to this Agreement, substantially in the form attached hereto as Exhibit E, executed by such Exit Term Loan Commitment Party, such Related Purchaser and the Company, and (ii) Transfer a proportional amount of its Exit Term Loan Backstop Commitment to any Person in connection with any Transfer of all or any portion of such Party's Commitments to such Person in accordance with Sections 2.6(c) through (e).

Section 2.7 Exit Term Loan Purchase Commitments. On and subject to the terms and conditions hereof, including entry of the Confirmation Order, each Commitment Party identified on Schedule 2 to this Agreement (each an "**Exit Term Loan Commitment Party**") agrees to, on the Closing Date, severally and not jointly, purchase (or cause certain of its and its affiliates' managed funds and/or accounts to purchase) Exit Term Loans in the principal amount set forth opposite such Commitment Party's name on Schedule 2 to this Agreement from the lenders under the RBL Credit Agreement that elect treatment under "Option 1" as defined in the Restructuring Term Sheet, on a *pro rata* basis at par. Such purchase shall be effected by making a payment to the agent for the Exit Term Loan for the benefit of such lenders pursuant to Section 2.5(d). The obligations of the Exit Term Loan Commitment Parties to purchase such Exit Term Loans as described in this Section 2.7 shall be referred to as the "**Exit Term Loan Backstop Commitment**". To the extent a Joinder Commitment Party agrees to backstop their Required Exit Term Loan Share of the Exit Term Loan Backstop Commitment by the Required Exit Term Loan Commitment Date, the Exit Term Loan Backstop Commitment of each Senior Commitment Party shall be ratably reduced and Schedule 2 shall be amended to add the Exit Term Loan Backstop Commitment of such Joinder Commitment Party, provided that before and after such adjustment, the sum of the Exit Term Loan Backstop Commitments shall equal $31,250,000.

ARTICLE III

BACKSTOP COMMITMENT PREMIUM AND EXPENSE REIMBURSEMENT

Section 3.1 Premium Payable by the Company. Subject to Section 3.2, in consideration for the Commitments and the other agreements of the Commitment Premium Parties in this Agreement, the Debtors shall pay or cause to be paid a nonrefundable aggregate premium in an amount equal to $15,345,000, which represents 6.0% of the Total Commitment Amount, payable in accordance with Section 3.2, to the Commitment Premium Parties (including any Replacing Commitment Party, but excluding any Defaulting Commitment

Party) or their designees based upon their respective Commitment Percentages at the time such payment is made (the "**Commitment Premium**").

The provisions for the payment of the Commitment Premium and Expense Reimbursement, and the indemnification provided herein, are an integral part of the transactions contemplated by this Agreement and without these provisions the Commitment Parties would not have entered into this Agreement.

Section 3.2 Payment of Commitment Premium. The Commitment Premium shall be fully earned, nonrefundable and non-avoidable upon entry of the BCA Approval Order and shall be paid by the Debtors, free and clear of any withholding or deduction for any applicable Taxes, on the Closing Date as set forth above. For the avoidance of doubt, to the extent payable in accordance with the terms of this Agreement, the Commitment Premium will be payable regardless of the amount of Unsubscribed Units (if any) actually purchased. The Company shall satisfy its obligation to pay the Commitment Premium on the Closing Date, in lieu of any cash payment, by issuing the number of additional Common Units (rounding down to the nearest whole unit solely to avoid fractional units) to each Commitment Premium Party equal to such Commitment Premium Party's Commitment Premium Share Amount; provided, that if the Closing does not occur, the Commitment Premium shall be payable in cash and only to the extent provided in (and in accordance with) Section 9.4. The Commitment Premium and the Expense Reimbursement shall, pursuant to the BCA Approval Order, constitute allowed administrative expenses of the Debtors' estate under sections 503(b) and 507 of the Bankruptcy Code.

Section 3.3 Expense Reimbursement.

(a) In accordance with and subject to the BCA Approval Order, the Debtors agree to pay, in accordance with Section 3.3(b) below, all reasonable and documented out-of-pocket fees and expenses (including travel costs and expenses) of the following attorneys, accountants, other professionals, advisors, and consultants incurred on behalf of the Commitment Parties: (i) Milbank as primary counsel to the Senior Commitment Parties, (ii) Porter Hedges LLP, as co-counsel to the Senior Commitment Parties, (iii) W.D. Von Gonten & Co. as consultants to the Senior Commitment Parties, (iv) PJT Partners LP as financial advisor to the Senior Commitment Parties, (v) a search consulting firm (for services related to the selection of the New Board (as defined in the Restructuring Term Sheet)) and (vi) such other professionals, advisors, and consultants as may be reasonably retained after notice to the Debtors, the Official Committee of Unsecured Creditors, the agent for the Debtors' prepetition secured "RBL" debt, and the ad hoc equity committee (such payment obligations, the "**Expense Reimbursement**"). The Expense Reimbursement shall, pursuant to the BCA Approval Order, constitute allowed administrative expenses against each of the Debtors' estates under sections 503(b) and 507 of the Bankruptcy Code. For the avoidance of doubt, the amount payable pursuant to this Section 3.3 shall be determined without duplication of recovery under the Restructuring Support Agreement.

(b) The Expense Reimbursement accrued through the date on which the BCA Approval Order is entered shall be paid in accordance with the DIP Orders and BCA Approval Order as promptly as reasonably practicable after the date of the entry of the BCA Approval Order. The Expense Reimbursement shall thereafter be payable on a monthly basis by the

Debtors in accordance with the BCA Approval Order; provided, that the Debtors' final payment shall be made contemporaneously with the Closing or the termination of this Agreement pursuant to Article IX.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except (i) as set forth in the corresponding section of the Company Disclosure Schedules or (ii) as disclosed in the Company SEC Documents filed with the SEC on or after December 31, 2016 and publicly available on the SEC's Electronic Data-Gathering, Analysis and Retrieval system prior to the date hereof (excluding the exhibits, annexes and schedules thereto, any disclosures contained in the "Forward-Looking Statements" or "Risk Factors" sections thereof, or any other statements that are similarly predictive, cautionary or forward looking in nature), the Company, on behalf of itself and each of the other Debtors, jointly and severally, hereby represents and warrants to the Commitment Parties (unless otherwise set forth herein, as of the date of this Agreement and as of the Closing Date) as set forth below.

Section 4.1 Organization and Qualification. Each of the Debtors (a) is a duly organized and validly existing corporation, limited liability company or limited partnership, as the case may be, and, if applicable, in good standing (or the equivalent thereof) under the Laws of the jurisdiction of its incorporation or organization, (b) has the corporate or other applicable power and authority to own its property and assets and to transact the business in which it is currently engaged and presently proposes to engage and (c) except where the failure to have such authority or qualification would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the conduct of its business as currently conducted requires such qualifications.

Section 4.2 Corporate Power and Authority.

(a) The Company has the requisite corporate power and authority (i) (A) subject to entry of the BCA Approval Order and the Confirmation Order, to enter into, execute and deliver this Agreement and to perform the BCA Approval Obligations and (B) subject to entry of the BCA Approval Order and the Confirmation Order, to perform each of its other obligations hereunder and (ii) subject to entry of the BCA Approval Order, the Plan Solicitation Order, and the Confirmation Order, to consummate the transactions contemplated herein and in the Plan, to enter into, execute and deliver all agreements to which it will be a party as contemplated by this Agreement and the Plan (this Agreement, the Plan, the Disclosure Statement, the Restructuring Support Agreement, any debtor-in-possession credit agreement for the DIP Facility entered into in accordance with the DIP Orders, the Exit RBL Facility, the Exit Term Loans, and such other agreements and any Plan supplements or documents referred to herein or therein or hereunder or thereunder, collectively, the "**Transaction Agreements**") and to perform its obligations under each of the Transaction Agreements (other than this Agreement). Subject to the receipt of the foregoing Orders, as applicable, the execution and delivery of this Agreement and each of the other Transaction Agreements and the consummation of the transactions contemplated hereby and thereby have been or will be duly authorized by all

requisite corporate action on behalf of the Company, and no other corporate proceedings on the part of the Company are or will be necessary to authorize this Agreement or any of the other Transaction Agreements or to consummate the transactions contemplated hereby or thereby.

(b) Subject to entry of the BCA Approval Order, the Plan Solicitation Order, and the Confirmation Order, each of the other Debtors has the requisite power and authority (corporate or otherwise) to enter into, execute and deliver each Transaction Agreement to which such other Debtor is a party and to perform its obligations thereunder. Subject to entry of the BCA Approval Order, the Plan Solicitation Order, and the Confirmation Order, the execution and delivery of this Agreement and each of the other Transaction Agreements and the consummation of the transactions contemplated hereby and thereby have been or will be duly authorized by all requisite action (corporate or otherwise) on behalf of each other Debtor party thereto, and no other proceedings on the part of any other Debtor party thereto are or will be necessary to authorize this Agreement or any of the other Transaction Agreements or to consummate the transactions contemplated hereby or thereby.

Section 4.3 Execution and Delivery; Enforceability. Subject to entry of the BCA Approval Order, this Agreement will have been, and subject to the entry of the BCA Approval Order, the Plan Solicitation Order, and the Confirmation Order, each other Transaction Agreement will be, duly executed and delivered by the Company and each of the other Debtors party thereto. Upon entry of the BCA Approval Order and assuming due and valid execution and delivery hereof by the Commitment Parties, the BCA Approval Obligations will constitute the valid and legally binding obligations of the Company and, to the extent applicable, the other Debtors, enforceable against the Company and, to the extent applicable, the other Debtors in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar Laws now or hereafter in effect relating to creditor's rights generally and subject to general principles of equity. Upon entry of the BCA Approval Order and assuming due and valid execution and delivery of this Agreement and the other Transaction Agreements by the Commitment Parties and, to the extent applicable, any other parties hereof and thereof, each of the obligations of the Company and, to the extent applicable, the other Debtors hereunder and thereunder will constitute the valid and legally binding obligations of the Company and, to the extent applicable, the other Debtors, enforceable against the Company and, to the extent applicable, the other Debtors, in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar Laws now or hereafter in effect relating to creditor's rights generally and subject to general principles of equity.

Section 4.4 Authorized and Issued Equity Interests.

(a) On the Closing Date, (i) the total issued equity interests of the Company will consist solely of the Common Units issued pursuant to the Plan, which shall include the Common Units issued under the Rights Offering, the Common Units issued in respect of the Commitment Premium pursuant to Article III and the Common Units issued in respect of the 4(a)(2) Backstop Commitment Investment, (ii) no Common Units will be held by the Company in its treasury, (iii) no Common Units will be reserved for issuance upon exercise of stock options and other rights to purchase or acquire Common Units granted in connection with any employment arrangement entered into in accordance with Section 6.3, except as reserved in

respect of the EIP, and (iv) no warrants to purchase Common Units will be issued and outstanding other than warrants for 6% of the Common Units issued under the Plan in accordance with the Restructuring Support Agreement. Except as set forth in the prior sentence, as of the Closing Date, no shares of capital stock or other equity securities or voting interest in the Company will have been issued, reserved for issuance or outstanding.

(b) Except as described in this Section 4.4 and except as set forth in the Registration Rights Agreement, the Company Organizational Documents and this Agreement, as of the Closing Date, none of the Debtors will be party to or otherwise bound by or subject to any outstanding option, warrant, call, right, security, commitment, Contract, arrangement or undertaking (including any preemptive right) that (i) obligates the Debtors to issue, deliver, sell or transfer, or repurchase, redeem or otherwise acquire, or cause to be issued, delivered, sold or transferred, or repurchased, redeemed or otherwise acquired, any shares of the capital stock of, or other equity or voting interests in, any of the Debtors or any security convertible or exercisable for or exchangeable into any capital stock of, or other equity or voting interest in, any of the Debtors, (ii) obligates any of the Debtors to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking, (iii) restricts the Transfer of any shares of capital stock of any of the Debtors (other than any restrictions included in the Exit RBL Facility, Exit Term Loans, or any corresponding pledge agreement) or (iv) relates to the voting of any equity interests in any of the Debtors.

Section 4.5 Issuance. The Common Units to be issued pursuant to the Plan, including the Common Units to be issued in connection with the consummation of the Rights Offering, the 4(a)(2) Backstop Commitment Investment and pursuant to the terms hereof, will, when issued and delivered on the Closing Date in exchange for the aggregate Per Unit Purchase Price therefor, be duly and validly authorized, issued and delivered and shall be fully paid and non-assessable, and free and clear of all Taxes, Liens (other than Transfer restrictions imposed hereunder or under the Company Organizational Documents or by applicable Law), preemptive rights, subscription and similar rights (other than any rights set forth in the Company Organizational Documents, and the Registration Rights Agreement).

Section 4.6 No Conflict. Assuming the consents described in clauses (a) through (g) of Section 4.7 are obtained, the execution and delivery by the Company and, if applicable, any other Debtor, of this Agreement, the Plan and the other Transaction Agreements, the compliance by the Company and, if applicable, any other Debtor, with the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein will not (a) conflict with, or result in a breach, modification or violation of, any of the terms or provisions of, or constitute a default under (with or without notice or lapse of time, or both), or result, except to the extent specified in the Plan, in the acceleration of, or the creation of any Lien under, or cause any payment or consent to be required under any Contract to which any Debtor will be bound as of the Closing Date after giving effect to the Plan or to which any of the property or assets of any Debtor will be subject as of the Closing Date after giving effect to the Plan, (b) result in any violation of the provisions of any of the Debtors' organizational documents (other than, for the avoidance of doubt, a breach or default that would be triggered as a result of the Chapter 11 Cases or the Company's or any Debtor's undertaking to implement the Restructuring Transactions through the Chapter 11 Cases), or (c) result in any violation of any

Law or Order applicable to any Debtor or any of their properties, except in each of the cases described in clause (a) or (c) for any conflict, breach, modification, violation, default, acceleration or Lien which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.7 Consents and Approvals. No consent, approval, authorization, Order, registration or qualification of or with any Governmental Entity having jurisdiction over any of the Debtors or any of their properties (each, an "**Applicable Consent**") is required for the execution and delivery by the Company and, to the extent relevant, the other Debtors, of this Agreement, the Plan and the other Transaction Agreements, the compliance by the Company and, to the extent relevant, the other Debtors, with the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein, except for (a) the entry of the BCA Approval Order authorizing the Company to assume this Agreement and perform the BCA Approval Obligations, (b) entry of the Plan Solicitation Order, (c) entry by the Bankruptcy Court, or any other court of competent jurisdiction, of Orders as may be necessary in the Chapter 11 Cases from time-to-time; (d) the entry of the Confirmation Order, (e) filings, notifications, authorizations, approvals, consents, clearances or termination or expiration of all applicable waiting periods under any Antitrust Laws in connection with the transactions contemplated by this Agreement, (f) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or "Blue Sky" Laws in connection with the purchase of the Unsubscribed Units by the Commitment Parties, the issuance of the Subscription Rights, the issuance of the Rights Offering Units pursuant to the exercise of the Subscription Rights, the issuance of Common Units as payment of the Commitment Premium or the issuance of 4(a)(2) Backstop Commitment Units pursuant to the 4(a)(2) Backstop Commitment Investment, and (g) any Applicable Consents that, if not made or obtained, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.8 Arm's-Length. The Company acknowledges and agrees that (a) each of the Commitment Parties is acting solely in the capacity of an arm's-length contractual counterparty to the Company with respect to the transactions contemplated hereby (including in connection with determining the terms of the Transactions) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any of its Subsidiaries and (b) no Commitment Party is advising the Company or any of its Subsidiaries as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction.

Section 4.9 Financial Statements. The (a) audited consolidated balance sheets of the Company as at December 31, 2016 and the related consolidated statements of operations and of cash flows for the fiscal year then ended, accompanied by a report thereon by BDO USA LLP (collectively, the "**Financial Statements**"), in each case, present fairly the consolidated financial condition of the Company as at such date, and the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended. All such Financial Statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein).

Section 4.10 Company SEC Documents and Disclosure Statement. The Company has filed with or furnished to the SEC all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated

therein) required to be filed or furnished by it since December 31, 2016 under the Exchange Act or the Securities Act. As of their respective dates, and, if amended, as of the date of the last such amendment, each of the Company SEC Documents, including any financial statements or schedules included therein, (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated in such Company SEC Document or necessary in order to make the statements in such Company SEC Document, in light of the circumstances under which they were made, not misleading.

Section 4.11 Absence of Certain Changes. Since December 31, 2016 to the date of this Agreement, no Event has occurred or exists that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.12 No Violation; Compliance with Laws. (i) The Company is not in violation of its certificate of formation or limited liability company operating agreement, and (ii) no other Debtor is in violation of its respective charter or bylaws, certificate of formation or limited liability company operating agreement or similar organizational document in any material respect. None of the Debtors is or has been at any time since January 1, 2014 in violation of any Law or Order, except for any such violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.13 Legal Proceedings. Other than the Chapter 11 Cases and any adversary proceedings or contested motions commenced in connection therewith, there are no material legal, governmental, administrative, judicial or regulatory investigations, audits, actions, suits, claims, arbitrations, demands, demand letters, claims, notices of noncompliance or violations, or proceedings ("**Legal Proceedings**") pending or, to the Knowledge of the Company, threatened to which any of the Debtors is a party or to which any property of any of the Debtors is the subject, in each case that in any manner draws into question the validity or enforceability of this Agreement, the Plan or the other Transaction Agreements or that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.14 Labor Relations. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or threatened against any of the Debtors; (b) the hours worked and payments made to employees of any of the Debtors have not been in violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters; and (c) all payments due from any of the Debtors or for which any claim may be made against any of the Debtors on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of any of the Debtors to the extent required by GAAP. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the consummation of the transactions contemplated by the Transaction Agreements will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which any of the Debtors (or any predecessor) is a party or by which any of the Debtors (or any predecessor) is bound.

Section 4.15 Intellectual Property. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a)

each of the Debtors owns, or possesses the right to use, all of the patents, patent rights, trademarks, service marks, trade names, copyrights, mask works, domain names, and any and all applications or registrations for any of the foregoing (collectively, "**Intellectual Property Rights**") that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person, (b) to the Knowledge of the Company, none of the Debtors nor any Intellectual Property Right, proprietary right, product, process, method, substance, part, or other material now employed, sold or offered by or contemplated to be employed, sold or offered by such Person, is interfering with, infringing upon, misappropriating or otherwise violating any valid Intellectual Property Rights of any Person, and (c) no claim or litigation regarding any of the foregoing is pending or, to the Knowledge of the Company, threatened.

Section 4.16 Title to Real and Personal Property.

(a) Real Property. Each of the Debtors has good and valid title to its respective Real Properties, in each case, except for Permitted Liens and except for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes, and except where the failure (or failures) to have such title would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; provided, however, the enforceability of such leased Real Properties may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditor's rights generally or general principles of equity, including the Chapter 11 Cases. To the Knowledge of the Company, all such properties and assets are free and clear of Liens, other than Permitted Liens and such Liens as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Leased Real Property. Each of the Debtors is in compliance with all obligations under all leases to which it is a party that have not been rejected in the Chapter 11 Cases, except where the failure to comply would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and none of the Debtors has received written notice of any good faith claim asserting that such leases are not in full force and effect, except leases in respect of which the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each of the Debtors enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession would not reasonably be expected to materially interfere with its ability to conduct its business as currently conducted.

(c) Personal Property. Each of the Debtors owns or possesses the right to use all Intellectual Property Rights and all licenses and rights with respect to any of the foregoing used in the conduct of their businesses, without any conflict (of which any of the Debtors has been notified in writing) with the rights of others, and free from any burdensome restrictions on the present conduct of the Debtors, as the case may be, except where such conflicts and restrictions would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.17 No Undisclosed Relationships. Other than Contracts or other direct or indirect relationships between or among any of the Debtors, there are no Contracts or other direct or indirect relationships existing as of the date hereof between or among any of the Debtors, on the one hand, and any director, officer or greater than five percent (5%) stockholder of any of the Debtors, on the other hand, that is required by the Exchange Act to be described in the Company's filings with the SEC and that is not so described, except for the transactions contemplated by this Agreement. Any Contract existing as of the date hereof between or among any of the Debtors, on the one hand, and any director, officer or greater than five percent (5%) stockholder of any of the Debtors, on the other hand, that is required by the Exchange Act to be described in the Company's filings with the SEC is filed as an exhibit to, or incorporated by reference as indicated in, the Annual Report on Form 10-K for the year ended December 31, 2016 that the Company filed on March 15, 2017, as amended on April 25, 2017, or any other Company SEC Document filed between March 15, 2016 and the date hereof.

Section 4.18 Licenses and Permits. The Debtors possess all licenses, certificates, permits and other authorizations issued by, have made all declarations and filings with and have maintained all financial assurances required by, the appropriate Governmental Entities that are necessary for the ownership or lease of their respective properties and the conduct of the business, except where the failure to possess, make or give the same would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. None of the Debtors (i) has received notice of any revocation or modification of any such license, certificate, permit or authorization or (ii) has any reason to believe that any such license, certificate, permit or authorization will not be renewed in the ordinary course, except to the extent that any of the foregoing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.19 Environmental. Except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (a) no written notice, claim, demand, request for information, Order, complaint or penalty has been received by any of the Debtors, and there are no Legal Proceedings pending or, to the Knowledge of the Company, threatened which allege a violation of or liability under any Environmental Laws, in each case relating to any of the Debtors, (b) each Debtor has received (including timely application for renewal of the same), and maintained in full force and effect, all environmental permits, licenses and other approvals, and has maintained all financial assurances, in each case to the extent necessary for its operations to comply with all applicable Environmental Laws and is, and since January 1, 2014, has been, in compliance with the terms of such permits, licenses and other approvals and with all applicable Environmental Laws, (c) to the Knowledge of the Company, no Hazardous Material is located at, on or under any property currently or formerly owned, operated or leased by any of the Debtors that would reasonably be expected to give rise to any cost, liability or obligation of any of the Debtors under any Environmental Laws other than future costs, liabilities and obligations associated with remediation at the end of the productive life of a well, facility or pipeline that has produced, stored or transported Hydrocarbons, (d) no Hazardous Material has been Released, generated, owned, treated, stored or handled by any of the Debtors, and no Hazardous Material has been transported to or Released at any location in a manner that would reasonably be expected to give rise to any cost, liability or obligation of any of the Debtors under any Environmental Laws other

than future costs, liabilities and obligations associated with remediation at the end of the productive life of a well, facility or pipeline that has produced, stored or transported Hydrocarbons, and (e) there are no agreements in which any of the Debtors has expressly assumed responsibility for any known obligation of any other Person arising under or relating to Environmental Laws that remains unresolved other than future costs, liabilities and obligations associated with remediation at the end of the productive life of a well, facility or pipeline that has produced, stored or transported Hydrocarbons, which has not been made available to the Commitment Parties prior to the date hereof. Notwithstanding the generality of any other representations and warranties in this Agreement, the representations and warranties in this Section 4.16 constitute the sole and exclusive representations and warranties in this Agreement with respect to any environmental, health or safety matters, including any arising under or relating to Environmental Laws or Hazardous Materials.

Section 4.20 Tax Returns.

(a) Except as would not reasonably be expected to be material to the Debtors taken as a whole, (i) each of the Debtors has filed or caused to be filed all U.S. federal, state, provincial, local and non-U.S. Tax returns required to have been filed by it and (ii) taken as a whole, each such Tax return is true and correct;

(b) Each of the Debtors has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all Taxes due) with respect to all periods or portions thereof ending on or before the date hereof (except Taxes or assessments that are being contested in good faith by appropriate proceedings and for which the Debtors (as the case may be) has set aside on its books adequate reserves in accordance with GAAP or with respect to the Debtors only, except to the extent the non-payment thereof is permitted by the Bankruptcy Code), which Taxes, if not paid or adequately provided for, would reasonably be expected to be material to the Debtors taken as a whole; and

(c) As of the date hereof, with respect to the Debtors, other than in connection with the Chapter 11 Cases and other than Taxes or assessments that are being contested in good faith and are not expected to result in significant negative adjustments that would be material to the Debtors taken as a whole, (i) no claims have been asserted in writing with respect to any material Taxes, (ii) no presently effective waivers or extensions of statutes of limitation with respect to Taxes have been given or requested and (iii) no Tax returns are being examined by, and no written notification of intention to examine has been received from, the IRS or any other Governmental Entity.

Section 4.21 Employee Benefit Plans.

(a) None of the Debtors nor any of their ERISA Affiliates sponsor, maintain or contribute to any Multiemployer Plan or a plan that is subject to Title IV of ERISA and, in the last six years, neither the Debtors nor any ERISA Affiliate has sponsored, maintained or contributed to any Multiemployer Plan or plan that is subject to Title IV of ERISA. No condition exists that could reasonably be expected to result in any Liability to the Debtors under Title IV of ERISA.

(b) None of the Debtors has established, sponsored or maintained, or has any liability with respect to, any employee pension benefit plan or other material employee benefit plan, program, policy, agreement or arrangement governed by or subject to the Laws of a jurisdiction other than the United States of America.

(c) Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect to the Debtors, there are no pending, or to the Knowledge of the Company, threatened claims, sanctions, actions or lawsuits, asserted or instituted against any Company Benefit Plan or any Person as fiduciary or sponsor of any Company Benefit Plan, in each case other than claims for benefits in the normal course.

(d) Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect all compensation and benefit arrangements of the Debtors and all Company Benefits Plans comply and have complied in both form and operation with their terms and all applicable Laws and legal requirements. None of the Debtors, has any obligation to provide any individual with a "gross up" or similar payment in respect of any Taxes that may become payable under Section 409A or 4999 of the Code.

(e) Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, all liabilities (including all employer contributions and payments required to have been made by any of the Debtors) under or with respect to any compensation or benefit arrangement of any of the Debtors have been properly accounted for in the Company's financial statements in accordance with GAAP.

(f) Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Effect, (i) each of the Debtors has complied and is currently in compliance with all Laws and legal requirements in respect of personnel, employment and employment practices; (ii) all service providers of each of the Debtors are correctly classified as employees, independent contractors, or otherwise for all purposes (including any applicable tax and employment policies or law); and (iii) the Debtors have not and are not engaged in any unfair labor practice.

Section 4.22 Internal Control Over Financial Reporting. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company has established and maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) that complies with the requirements of the Exchange Act and has been designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and to the Knowledge of the Company, there are no weaknesses in the Company's internal control over financial reporting as of the date hereof.

Section 4.23 Disclosure Controls and Procedures. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, the Company maintains disclosure controls and procedures (within the meaning of Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) designed to ensure that information required to be disclosed by the Company in the reports that it files and submits under

the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that information required to be disclosed by the Company in the reports that it files and submits under the Exchange Act is accumulated and communicated to management of the Company as appropriate to allow timely decisions regarding required disclosure.

Section 4.24 Material Contracts. Other than as a result of a rejection motion filed by any of the Debtors in the Chapter 11 Cases, all Material Contracts are valid, binding and enforceable by and against the Debtor party thereto and, to the Knowledge of the Company, each other party thereto (except where the failure to be valid, binding or enforceable does not constitute a Material Adverse Effect), and no written notice to terminate, in whole or part, any Material Contract has been delivered to any of the Debtors (except where such termination would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect). Other than as a result of the filing of the Chapter 11 Cases or any rejection motion filed by any of the Debtors in the Chapter 11 Cases, none of the Debtors nor, to the Knowledge of the Company, any other party to any Material Contract, is in material default or breach under the terms thereof, in each case, except for such instances of material default or breach that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.25 No Unlawful Payments. Since January 1, 2015, none of the Debtors nor, to the Knowledge of the Company, any of their respective directors, officers or employees has in any material respect: (a) used any funds of any of the Debtors for any unlawful contribution, gift, entertainment or other unlawful expense, in each case relating to political activity; (b) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (c) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; or (d) made any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment.

Section 4.26 Compliance with Money Laundering and Sanctions Laws.

(a) The operations of the Debtors are and, since January 1, 2014 have been at all times, conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transactions Reporting Act of 1970, the money laundering statutes of all jurisdictions in which the Debtors operate (and the rules and regulations promulgated thereunder) and any related or similar Laws (collectively, the "**Money Laundering Laws**") and no material Legal Proceeding by or before any Governmental Entity or any arbitrator involving any of the Debtors with respect to Money Laundering Laws is pending or, to the Knowledge of the Company, threatened.

(b) None of the Debtors nor, to the Knowledge of the Company, any of their respective directors, officers, employees or other Persons acting on their behalf with express authority to so act is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department. The Company will not directly or indirectly use the proceeds of the Transactions, or lend, contribute or otherwise make available such proceeds to any other Debtor, joint venture partner or other Person, for the purpose of

financing the activities of any Person that, to the Knowledge of the Company, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department.

Section 4.27 Reserve Report. The Debtors have furnished the Commitment Parties and their advisors at W.D. Von Gonten & Co.with true and complete copies of the report covering the Company's wells and oil and gas property prepared by the Company captioned "Management Presentation, dated as of January 7, 2017", together with the database of well-by-well information that such report summarizes (together, the "**Reserve Report**"). The Debtors are not aware of any material changes to the information contained in the Reserve Report. The factual, non-interpretative data (other than title information) on which the Reserve Report was based for purposes of estimating the reserves of Hydrocarbons set forth therein was accurate and complete as of the date of the Reserve Report. All financial projections, forecasts, assumptions and other forward-looking information with respect to the Debtors and their oil and gas assets that were embodied in the Reserve Report or have otherwise been provided to the Commitment Parties by or on behalf of the Debtors (including the lease operating expense assumptions used in such reserve report) were, as of their respective dates, prepared in good faith and reasonable.

Section 4.28 No Broker's Fees. None of the Debtors is a party to any Contract with any Person (other than this Agreement) that would give rise to a valid claim against the Commitment Parties for a brokerage commission, finder's fee or like payment in connection with the Transactions, the sale of the Unsubscribed Units or the sale of the 4(a)(2) Backstop Commitment Units.

Section 4.29 Investment Company Act. None of the Debtors is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and this conclusion is based on one or more bases or exclusions other than Sections 3(c)(1) and 3(c)(7) of the Investment Company Act, including that none of the Debtors comes within the basic definition of 'investment company' under section 3(a)(1) of the Investment Company Act.

Section 4.30 Insurance. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) Debtors have insured their properties and assets against such risks and in such amounts as are customary for companies engaged in similar businesses and have made available to the Commitment Parties a schedule of such insurance policies in force; (ii) all premiums due and payable in respect of insurance policies maintained by the Debtors have been paid; (iii) the Company reasonably believes that the insurance maintained by or on behalf of the Debtors is adequate in all respects; and (iv) as of the date hereof, to the Knowledge of the Company, none of the Debtors has received notice from any insurer or agent of such insurer with respect to any insurance policies of the Debtors of cancellation or termination of such policies, other than such notices which are received in the ordinary course of business or for policies that have expired in accordance with their terms.

Section 4.31 Alternative Transactions. As of the date hereof, the Company is not pursuing, or in discussions or negotiations regarding, any solicitation, offer, or

proposal from any Person concerning any actual or proposed Alternative Transaction and, as applicable, has terminated any existing discussions or negotiations regarding any actual or proposed Alternative Transaction.

Section 4.32 Volcker Compliance.

(a) None of the Debtors nor their respective "Affiliates" (as defined in Section 2(k) of the BHC Act) have: (i) taken any action to acquire or retain an ownership interest in or to sponsor, or omitted to take any action necessary to prevent themselves from acquiring or retaining an ownership interest in or sponsoring, a Covered Fund for purposes the Volcker Rule (the terms "sponsor" and "covered fund" having the meanings set forth in Section 13 of the BHC Act and the rules and regulations adopted thereunder (collectively, the "**Volcker Rule**")), (ii) engaged in proprietary trading as defined in the Volcker Rule, (iii) provided a line of credit, guarantee or other form of credit support or backstop in favor of a Covered Fund, or (iv) provided services in favor of a Covered Fund, except, in each case, as otherwise permitted under an exemption or exclusion from the Volcker Rule and disclosed to the Commitment Parties in Section 4.32 of the Company Disclosure Schedules (which disclosure shall list each such activity and describe the exemption or exclusion applicable thereto).

(b) The Company is not, and after giving effect to the Transactions, the sale of the Units thereunder and the application of the proceeds thereof, the Company will not be, a Covered Fund.

Section 4.33 Equity Investment Documents. The Company has provided true and correct copies of all definitive documentation relating to the 2L Investment, including the Equity Commitment Agreement and all schedules and exhibits thereto.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE COMMITMENT PARTIES

Each Commitment Party, severally (in accordance with its Commitment Percentage) and not jointly, represents and warrants as to itself only (unless otherwise set forth herein, as of the date of this Agreement and as of the Closing Date) as set forth below.

Section 5.1 Organization. Such Commitment Party is a legal entity duly organized, validly existing and, if applicable, in good standing (or the equivalent thereof) under the Laws of its jurisdiction of incorporation or organization.

Section 5.2 Organizational Power and Authority. Such Commitment Party has the requisite power and authority (corporate or otherwise) to enter into, execute and deliver this Agreement and each other Transaction Agreement to which such Commitment Party is a party and to perform its obligations hereunder and thereunder and has taken all necessary action (corporate or otherwise) required for the due authorization, execution, delivery and performance by it of this Agreement and the other Transaction Agreements.

Section 5.3 Execution and Delivery. This Agreement and each other Transaction Agreement to which such Commitment Party is a party (a) has been, or prior to its execution and delivery will be, duly and validly executed and delivered by such Commitment Party and (b) upon entry of the BCA Approval Order and assuming due and valid execution and delivery hereof and thereof by the Company and the other Debtors (as applicable), will constitute valid and legally binding obligations of such Commitment Party, enforceable against such Commitment Party in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar Laws limiting creditors' rights generally or by equitable principles relating to enforceability.

Section 5.4 No Conflict. Assuming that the consents referred to in clauses (a) and (b) of Section 5.5 are obtained, the execution and delivery by such Commitment Party of this Agreement and each other Transaction Agreement to which such Commitment Party is a party, the compliance by such Commitment Party with all of the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein (a) will not conflict with, or result in breach, modification, termination or violation of, any of the terms or provisions of, or constitute a default under (with or without notice or lapse of time or both), or result in the acceleration of, or the creation of any Lien under, any Contract to which such Commitment Party is party or is bound or to which any of the property or assets or such Commitment Party are subject, (b) will not result in any violation of the provisions of the certificate of incorporation or bylaws (or comparable constituent documents) of such Commitment Party and (c) will not result in any material violation of any Law or Order applicable to such Commitment Party or any of its properties, except in each of the cases described in clauses (a) or (c), for any conflict, breach, modification, termination, violation, default, acceleration or Lien which would not reasonably be expected, individually or in the aggregate, to prohibit or materially and adversely impact such Commitment Party's performance of its obligations under this Agreement.

Section 5.5 Consents and Approvals. No consent, approval, authorization, Order, registration or qualification of or with any Governmental Entity having jurisdiction over such Commitment Party or any of its properties is required for the execution and delivery by such Commitment Party of this Agreement and each other Transaction Agreement to which such Commitment Party is a party, the compliance by such Commitment Party with the provisions hereof and thereof and the consummation of the transactions (including the purchase by such Commitment Party of its Commitment Percentage of the Unsubscribed Units, its portion of the Rights Offering Units or its portion of the 4(a)(2) Backstop Commitment Units) contemplated herein and therein, except (a) any consent, approval, authorization, Order, registration or qualification which, if not made or obtained, would not reasonably be expected, individually or in the aggregate, to prohibit or materially and adversely impact such Commitment Party's performance of its obligations under this Agreement and each other Transaction Agreement to which such Commitment Party is a party and (b) filings, notifications, authorizations, approvals, consents, clearances or termination or expiration of all applicable waiting periods under any Antitrust Laws in connection with the transactions contemplated by this Agreement.

Section 5.6 No Registration. Such Commitment Party understands that (a) the Unsubscribed Units, the 4(a)(2) Backstop Commitment Units and the Accredited Investor Rights Offering Units, have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of such Commitment Party's representations as expressed herein or otherwise made pursuant hereto, and (b) the foregoing units cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

Section 5.7 Purchasing Intent. Such Commitment Party is acquiring the Unsubscribed Units and any Common Units issued to such Commitment Party in satisfaction of the Commitment Premium for its own account or accounts or funds over which it holds voting discretion, not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities Laws, and such Commitment Party has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities Laws.

Section 5.8 Sophistication; Investigation. Such Commitment Party has such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the Unsubscribed Units and any Common Units issued to such Commitment Party in satisfaction of the Commitment Premium. Such Commitment Party is an "accredited investor" within the meaning of Rule 501(a) of the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act. Such Commitment Party understands and is able to bear any economic risks associated with such investment (including the necessity of holding such units for an indefinite period of time). Except for the representations and warranties expressly set forth in this Agreement or any other Transaction Agreement, such Commitment Party has independently evaluated the merits and risks of its decision to enter into this Agreement and disclaims reliance on any representations or warranties, either express or implied, by or on behalf of any of the Debtors.

Section 5.9 No Broker's Fees. Such Commitment Party is not a party to any Contract with any Person (other than the Transaction Agreements and any Contract giving rise to the Expense Reimbursement hereunder) that would give rise to a valid claim against any of the Debtors for a brokerage commission, finder's fee or like payment in connection with the Transactions, the sale of the Unsubscribed Units or the sale of the 4(a)(2) Backstop Commitment Units.

Section 5.10 Sufficient Funds. Such Commitment Party has sufficient assets and the financial capacity to perform all of its obligations under this Agreement, including the ability to fully exercise all Subscription Rights that are issued to it pursuant to the Rights Offering, fund such Commitment Party's Commitments.

ARTICLE VI

ADDITIONAL COVENANTS

Section 6.1 Orders Generally. The Company shall support and make commercially reasonable efforts, consistent with the Restructuring Support Agreement and the Plan, to (a) obtain the entry of the BCA Approval Order, the Plan Solicitation Order, the Confirmation Order, and any DIP Orders supported by the Requisite Commitment Parties, and (b) cause the BCA Approval Order, the Plan Solicitation Order, the Confirmation Order, and any DIP Orders supported by the Requisite Commitment Parties to become Final Orders (and request that such Orders become effective immediately upon entry by the Bankruptcy Court pursuant to a waiver of Rules 3020 and 6004(h) of the Bankruptcy Rules, as applicable), in each case, as soon as reasonably practicable, consistent with the Bankruptcy Code, the Bankruptcy Rules, and the Restructuring Support Agreement, following the filing of the respective motion seeking entry of such Orders. The Company shall comply with Section 3 of the Restructuring Support Agreement with respect to providing each of the Commitment Parties and its counsel copies of the proposed motions seeking entry of the BCA Approval Order, the Plan Solicitation Order, the Confirmation Order, and the DIP Orders (together with the proposed Plan Solicitation Order, the proposed BCA Approval Order and the DIP Orders), and the BCA Approval Order, the Plan Solicitation Order, the Confirmation Order and the DIP Orders must be consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably satisfactory to the Requisite Commitment Parties and satisfactory to the Company. Any amendments, modifications, changes, or supplements to the BCA Approval Order, Plan Solicitation Order, Confirmation Order, and DIP Orders, and any of the motions seeking entry of such Orders, shall be consistent with Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably satisfactory to the Requisite Commitment Parties and satisfactory to the Company; provided, that notwithstanding the foregoing, it shall not be a breach of this Section 6.1 for the Debtors to have proposed or supported entry of an Interim DIP Order, prior to May 1, 2017, that was not supported by the Requisite Commitment Parties.

Section 6.2 Confirmation Order; Plan and Disclosure Statement. The Debtors shall use their commercially reasonable efforts to obtain entry of the Confirmation Order. The Company shall provide to each of the Commitment Parties and its counsel a copy of the proposed Plan and the Disclosure Statement and any proposed amendment, modification, supplement or change to the Plan or the Disclosure Statement, and a reasonable opportunity to review and comment on such documents (and in no event less than 48 hours prior to filing the Plan and/or the Disclosure Statement, as applicable, with the Bankruptcy Court), and each such amendment, modification, supplement or change to the Plan or the Disclosure Statement must be consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably satisfactory to each of the Requisite Commitment Parties and satisfactory to the Company. The Company shall provide to each of the Commitment Parties and its counsel a copy of the proposed Confirmation Order (together with copies of any briefs, pleadings and motions related thereto), and a reasonable opportunity to review and comment on such Order, briefs, pleadings and motions prior to such Order, briefs, pleadings and motions being filed with the Bankruptcy Court (and in no event less than 48 hours prior to a filing of such Order, briefs, pleadings or motions with the Bankruptcy Court), and such Order, briefs, pleadings and motions

must be consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably satisfactory to each of the Requisite Commitment Parties and satisfactory to the Company.

Section 6.3 Conduct of Business. Except as expressly set forth in this Agreement, the Restructuring Support Agreement, the Plan or with the prior written consent of Requisite Commitment Parties (requests for which, including related information, shall be directed to the counsel and financial advisors to the Commitment Parties), during the period from the date of this Agreement to the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with its terms (the "**Pre-Closing Period**"), (a) the Company shall, and shall cause each of the other Debtors to, carry on its business in the ordinary course and use its commercially reasonable efforts to: (i) preserve intact its business, (ii) preserve its material relationships with customers, suppliers, licensors, licensees, distributors and others having material business dealings with any of the Debtors in connection with their business, (iii) keep available the services of its officers and employees and (iv) file Company SEC Documents within the time periods required under the Exchange Act, in each case in accordance with ordinary course practices, and (b) each of the Debtors shall not enter into any transaction that is material to the Debtors' business other than (A) transactions in the ordinary course of business in a manner consistent with prior business practices of the Debtors, (B) other transactions after prior notice to the Commitment Parties to implement tax planning which transactions are not reasonably expected to materially adversely affect any Commitment Party and (C) transactions expressly contemplated by the Transaction Agreements.

For the avoidance of doubt, the following shall be deemed to occur outside of the ordinary course of business of the Debtors and shall require the prior written consent of the Requisite Commitment Parties unless the same would otherwise be permissible under the Restructuring Support Agreement, the Plan or this Agreement (including the preceding clause (B) or (C)): (1) entry into, or any amendment, modification, termination, waiver, supplement, restatement or other change to, any Material Contract or any assumption of any Material Contract in connection with the Chapter 11 Cases (other than any Material Contracts that are otherwise addressed by clause (4) below), (2) entry into, or any amendment, modification, waiver, supplement or other change to, any employment agreement to which any of the Debtors is a party or any assumption of any such employment agreement in connection with the Chapter 11 Cases, (3) any (x) termination by any of the Debtors without cause or (y) reduction in title or responsibilities, in each case, of the individuals who are as of the date of this Agreement the Chief Executive Officer, the Chief Financial Officer or the Executive Vice President of Operations of the Company, (4) the adoption or amendment of any management or employee incentive or equity plan by any of the Debtors except for the EIP in accordance with the Restructuring Term Sheet and in a manner consistent with the process set forth in the definitive forms and (5) make, or cause to be made, any payment with respect to any amounts owed under the RBL Credit Agreement. Except as otherwise provided in this Agreement, nothing in this Agreement shall give the Commitment Parties, directly or indirectly, any right to control or direct the operations of the Debtors. Prior to the Closing Date, the Debtors shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision of the business of the Debtors.

Section 6.4 Access to Information; Confidentiality.

(a) Subject to applicable Law and Section 6.4(b), upon reasonable notice during the Pre-Closing Period, the Debtors shall afford the Commitment Parties and their Representatives upon request reasonable access, during normal business hours and without unreasonable disruption or interference with the Debtors' business or operations, to the Debtors' employees, properties, books, Contracts and records and, during the Pre-Closing Period, the Debtors shall furnish promptly to such parties all reasonable information concerning the Debtors' business, properties and personnel as may reasonably be requested by any such party, provided that the foregoing shall not require the Company (i) to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company, would cause any of the Debtors to violate any of their respective obligations with respect to confidentiality to a third party if the Company shall have used its commercially reasonable efforts to obtain, but failed to obtain, the consent of such third party to such inspection or disclosure, (ii) to disclose any legally privileged information of any of the Debtors or (iii) to violate any applicable Laws or Orders. All requests for information and access made in accordance with this Section 6.4 shall be directed to an executive officer of the Company or such Person as may be designated by the Company's executive officers.

(b) From and after the date hereof until the date that is one (1) year after the expiration of the Pre-Closing Period, each Commitment Party shall, and shall cause its Representatives to, (i) keep confidential and not provide or disclose to any Person any documents or information received or otherwise obtained by such Commitment Party or its Representatives pursuant to Section 6.4(a), Section 6.5 or in connection with a request for approval pursuant to Section 6.3 (except that provision or disclosure may be made to any Affiliate or Representative of such Commitment Party who needs to know such information for purposes of this Agreement or the other Transaction Agreements and who agrees to observe the terms of this Section 6.4(b) (and such Commitment Party will remain liable for any breach of such terms by any such Affiliate or Representative)), and (ii) not use such documents or information for any purpose other than in connection with this Agreement or the other Transaction Agreements or the transactions contemplated hereby or thereby. Notwithstanding the foregoing, the immediately preceding sentence shall not apply in respect of documents or information that (A) is now or subsequently becomes generally available to the public through no violation of this Section 6.4(b), (B) becomes available to a Commitment Party or its Representatives on a non-confidential basis from a source other than any of the Debtors or any of their respective Representatives, (C) becomes available to a Commitment Party or its Representatives through document production or discovery in connection with the Chapter 11 Cases or other judicial or administrative process, but subject to any confidentiality restrictions imposed by the Chapter 11 Cases or other such process, or (D) such Commitment Party or any Representative thereof is required to disclose pursuant to judicial or administrative process or pursuant to applicable Law or applicable securities exchange rules; provided, that, such Commitment Party or such Representative shall provide the Company with prompt written notice of such legal compulsion and cooperate with the Company to obtain a protective Order or similar remedy to cause such information or documents not to be disclosed, including interposing all available objections thereto, at the Company's sole cost and expense; provided, further, that, in the event that such protective Order or other similar remedy is not obtained, the disclosing party

shall furnish only that portion of such information or documents that is legally required to be disclosed and shall exercise its commercially reasonable efforts (at the Company's sole cost and expense) to obtain assurance that confidential treatment will be accorded such disclosed information or documents.

Section 6.5 Financial Information. During the Pre-Closing Period, the Company shall deliver to the counsel and financial advisors to each Commitment Party that so requests, all statements and reports the Company is required to deliver to the RBL Agent pursuant to Section 8.01(a) of the RBL Credit Agreement (as in effect on the date hereof) (the "**Financial Reports**"). Neither any waiver by the parties to the RBL Credit Agreement of their right to receive the Financial Reports nor any amendment or termination of the RBL Credit Agreement shall affect the Company's obligation to deliver the Financial Reports to the Commitment Parties in accordance with the terms of this Agreement.

Section 6.6 Commercially Reasonable Efforts.

(a) Without in any way limiting any other respective obligation of the Company or any Commitment Party in this Agreement, each Party shall use (and the Company shall cause the other Debtors to use) commercially reasonable efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement and the Plan, including using commercially reasonable efforts in:

(i) timely preparing and filing all documentation reasonably necessary to effect all necessary notices, reports and other filings of such Person and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party or Governmental Entity;

(ii) cooperating with the defense of any Legal Proceedings in any way challenging (A) this Agreement, the Plan, the Registration Rights Agreement or any other Transaction Agreement, (B) the BCA Approval Order, the Plan Solicitation Order, the Confirmation Order or the DIP Orders or (C) the consummation of the transactions contemplated hereby and thereby, including seeking to have any stay or temporary restraining Order entered by any Governmental Entity vacated or reversed; and

(iii) working together in good faith to finalize the Company Organizational Documents, Transaction Agreements, the Registration Rights Agreement and all other documents relating thereto for timely inclusion in the Plan and filing with the Bankruptcy Court.

(b) Subject to applicable Laws or applicable rules relating to the exchange of information, and in accordance with the Restructuring Support Agreement, the Commitment Parties and the Company shall have the right to review in advance, and to the extent practicable each will consult with the other on all of the information relating to Commitment Parties or the Company, as the case may be, and any of their respective Subsidiaries, that appears in any filing

made with, or written materials submitted to, any third party and/or Governmental Entity in connection with the transactions contemplated by this Agreement or the Plan; provided, however, that the Commitment Parties are not required to provide for review in advance declarations or other evidence submitted in connection with any filing with the Bankruptcy Court. In exercising the foregoing rights, the Parties shall act as reasonably and as promptly as practicable.

(c) Nothing contained in this Section 6.6 shall limit the ability of any Commitment Party to consult with the Debtors, to appear and be heard, or to file objections, concerning any matter arising in the Chapter 11 Cases to the extent not inconsistent with the Restructuring Support Agreement.

Section 6.7 Registration Rights Agreement; Company Organizational Documents.

(a) The Plan will provide that from and after the Effective Date each Commitment Party shall be entitled to registration rights that are customary for a transaction of this nature, pursuant to a registration rights agreement to be entered into as of the Effective Date, which agreement shall be in form and substance consistent with the terms set forth in the Restructuring Term Sheet and this Agreement and otherwise reasonably acceptable to the Requisite Commitment Parties and the Company (the "**Registration Rights Agreement**"). A form of the Registration Rights Agreement shall be filed with the Bankruptcy Court as part of the Plan Supplement or an amendment thereto.

(b) The Plan will provide that on the Effective Date, the Company Organizational Documents will be duly authorized, approved, adopted and in full force and effect. Forms of the Company Organizational Documents shall be filed with the Bankruptcy Court as part of the Plan Supplement or an amendment thereto.

Section 6.8 Blue Sky. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the offer and sale of the Accredited Investor Rights Offering Units and the offer and sale of the Unsubscribed Units and 4(a)(2) Backstop Commitment Units to the Commitment Parties pursuant to this Agreement under applicable securities and "Blue Sky" Laws of the states of the United States (or to obtain an exemption from such qualification) and any applicable foreign jurisdictions, and shall provide evidence of any such action so taken to the Commitment Parties on or prior to the Closing Date. The Company shall timely make all filings and reports relating to the offer and sale of the Accredited Investor Rights Offering Units, Unsubscribed Units and 4(a)(2) Backstop Commitment Units issued hereunder required under applicable securities and "Blue Sky" Laws of the states of the United States following the Closing Date. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 6.8.

Section 6.9 DTC Eligibility. Unless otherwise requested by the Requisite Commitment Parties, the Company shall use commercially reasonable efforts to promptly make, when applicable from time to time after the Closing, all Common Units eligible for deposit with The Depository Trust Company.

Section 6.10 Use of Proceeds. The Debtors will apply the proceeds from the exercise of the Subscription Rights, the sale of the Unsubscribed Units and the sale of 4(a)(2) Backstop Commitment Units for the purposes identified in the Disclosure Statement and the Plan.

Section 6.11 Unit Legend. Each certificate evidencing Accredited Investor Rights Offering Units, Unsubscribed Units and 4(a)(2) Backstop Commitment Units issued hereunder shall be stamped or otherwise imprinted with a legend (the "**Legend**") in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

In the event that any such Accredited Investor Rights Offering Units, Unsubscribed Units or 4(a)(2) Backstop Commitment Units are uncertificated, such Accredited Investor Rights Offering Units, Unsubscribed Units and 4(a)(2) Backstop Commitment Units shall be subject to a restrictive notation substantially similar to the Legend in the unit ledger or other appropriate records maintained by the Company or agent and the term "Legend" shall include such restrictive notation. The Company shall remove the Legend (or restrictive notation, as applicable) set forth above from the certificates evidencing any such units (or the unit register or other appropriate Company records, in the case of uncertified units), upon request, at any time after the restrictions described in such Legend cease to be applicable, including, as applicable, when such units may be sold under Rule 144 of the Securities Act. The Company may reasonably request such opinions, certificates or other evidence that such restrictions no longer apply as a condition to removing the Legend.

Section 6.12 Antitrust Approval.

(a) Each Party agrees to use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to consummate and make effective the transactions contemplated by this Agreement, the Plan and the other Transaction Agreements, including (i) if applicable, filing, or causing to be filed, the Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated by this Agreement with the Antitrust Division of the United States Department of Justice and the United States Federal Trade Commission and any filings (or, if required by any Antitrust Authority, any drafts thereof) under any other Antitrust Laws that are necessary to consummate and make effective the transactions contemplated by this Agreement as soon as reasonably practicable (and with respect to any filings required pursuant to the HSR Act, no later than fifteen (15) Business Days following the date hereof) and (ii) promptly furnishing any documents or information reasonably requested by any Antitrust Authority.

(b) The Company and each Commitment Party subject to an obligation pursuant to the Antitrust Laws to notify any transaction contemplated by this Agreement, the Plan or the other Transaction Agreements that has notified the Company in writing of such obligation (each such Commitment Party, a "**Filing Party**") agree to reasonably cooperate with each other as to the appropriate time of filing such notification and its content. The Company and each Filing Party shall, to the extent permitted by applicable Law: (i) promptly notify each other of, and if in writing, furnish each other with copies of (or, in the case of material oral communications, advise each other orally) of any material communications from or with an Antitrust Authority; (ii) not participate in any meeting with an Antitrust Authority unless it consults with each other Filing Party and the Company, as applicable, in advance and, to the extent permitted by the Antitrust Authority and applicable Law, give each other Filing Party and the Company, as applicable, a reasonable opportunity to attend and participate thereat; (iii) furnish each other Filing Party and the Company, as applicable, with copies of all material correspondence and communications between such Filing Party or the Company and the Antitrust Authority; (iv) furnish each other Filing Party with such necessary information and reasonable assistance as may be reasonably necessary in connection with the preparation of necessary filings or submission of information to the Antitrust Authority; and (v) not withdraw its filing, if any, under the HSR Act without the prior written consent of the Requisite Commitment Parties and the Company.

(c) Should a Filing Party be subject to an obligation under the Antitrust Laws to jointly notify with one or more other Filing Parties (each, a "**Joint Filing Party**") any transaction contemplated by this Agreement, the Plan or the other Transaction Agreements, such Joint Filing Party shall promptly notify each other Joint Filing Party of, and if in writing, furnish each other Joint Filing Party with copies of (or, in the case of material oral communications, advise each other Joint Filing Party orally of) any communications from or with an Antitrust Authority.

(d) The Company and each Filing Party shall use their commercially reasonable efforts to obtain all authorizations, approvals, consents, or clearances under any applicable Antitrust Laws or to cause the termination or expiration of all applicable waiting periods under any Antitrust Laws in connection with the transactions contemplated by this Agreement at the earliest possible date after the date of filing. The communications contemplated by this Section 6.12 may be made by the Company or a Filing Party on an outside counsel-only basis or subject to other agreed upon confidentiality safeguards. The obligations in this Section 6.12 shall not apply to filings, correspondence, communications or meetings with Antitrust Authorities unrelated to the transactions contemplated by this Agreement, the Plan or the other Transaction Agreements.

Section 6.13 Alternative Transactions. The Company and the other Debtors shall not, without the prior written consent of the Requisite Commitment Parties, directly or indirectly: (i) seek, solicit, or support any Alternative Transaction, and (ii) cause or allow any of their affiliates or any of their respective Representatives to solicit any agreements (or continue any existing solicitation) relating to an Alternative Transaction; provided that the sale of the assets related to Glasscock County Texas shall not constitute an Alternative Transaction; provided, further, however, that the Debtors shall provide prior written notice to the Commitment Parties, Milbank and PJT Partners LP promptly, but in no event less than five (5) Business Days prior to, the closing of sale of any and all material assets, including the assets related to Glasscock County Texas, which notice shall include a reasonably detailed description of the asset(s) or parcels of real property sold, including the net acreage thereof. Notwithstanding anything to the contrary in this Section 6.13, the Company's and the other Debtor's boards of directors' shall comply with Section 6(c) of the Restructuring Support Agreement and any action taken in compliance with Section 6(c) of the Restructuring Support Agreement will not be a breach of this Section 6.13.

Section 6.14 Hedging Arrangements. In accordance with the Restructuring Support Agreement, the Debtors shall file a motion seeking to implement a comprehensive hedging program with one or more RBL Lenders (or affiliates of RBL Lenders) that is reasonably acceptable to the Requisite Commitment Parties (an "**Acceptable Hedging Program**") as promptly as practicable, but in no event later than May 31, 2017, obtain an order (the "**Hedging Order**") granting authority to enter into the Acceptable Hedging Program by June 14, 2017 and then shall use commercially reasonable efforts to implement and maintain an Acceptable Hedging Program through the Closing Date.

Section 6.15 Reorganized Company.

(a) The Requisite Commitment Parties have the right at any time prior to the Disclosure Statement hearing, to elect to require that as of the Effective Date, the Company be organized in a different corporate form or a Person other than the Company (a "**New Parent**") serve as the parent entity of the Debtors and the issuer of equity interests in the Transactions (in each case, a "**Company Restructuring**").

(b) Unless otherwise determined by the Requisite Commitment Parties, the Debtors shall, and hereby agree to, use reasonably best efforts to cause the reorganized Company (A) to be registered under Section 12 of the Exchange Act on the Effective Date or as promptly as practicable thereafter and/or (B) to be qualified for quotation and have its securities regularly traded (as defined by the Code) on the OTC Bulletin Board (or other available over the counter market) or listed on a national securities exchange, as determined by the Requisite Commitment Parties.

(c) If the Requisite Commitment Parties determine to cause a Company Restructuring, then this Agreement shall be amended as necessary to reflect such determination, and the Company shall use its reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable in order to effectuate the Company Restructuring, including, if applicable, causing the New Parent to enter into and become a party to this Agreement and become fully bound by the agreements and obligations of

the Company hereunder and make the representations and warranties made by the Company hereunder.

Section 6.16 Withdrawal of Commitment Party. In the event there is any waiver or extension of the Outside Date beyond the End Date pursuant to Section 9.2(a), then any Commitment Party that did not consent to such amendment (each, a "**Non-Consenting Commitment Party**") may elect, within seven (7) days of such change, to withdraw as a Commitment Party by delivering written notice to the Company and Milbank of such election. Upon such election, (i) the Senior Commitment Parties (other than the Non-Consenting Commitment Parties) shall automatically assume the Commitments of the Non-Consenting Commitment Party on a pro rata basis according to such Senior Commitment Parties' Commitment Percentages (relative to the aggregate Commitments provided by the Senior Commitment Parties (other than the Non-Consenting Commitment Parties)) at the time of the election by the Non-Consenting Commitment Party to withdraw (ii) the Exit Term Loan Commitment Parties (other than the Non-Consenting Commitment Parties that are Exit Term Loan Commitment Parties) shall automatically assume the Exit Term Loan Backstop Commitment of any Non-Consenting Commitment Party that is an Exit Term Loan Commitment Party on a pro rata basis according to such Exit Term Loan Commitment Party's Exit Term Loan Backstop Commitment (relative to the aggregate Exit Term Loan Backstop Commitments provided by the Exit Term Loan Commitment Parties (other than the Non-Consenting Commitment Parties that is an Exit Term Loan Commitment Party)) at the time of the election by the Non-Consenting Commitment Party to withdraw and (iii) the Non-Consenting Commitment Parties shall automatically cease to be a party to this Agreement and the Restructuring Support Agreement and will no longer have any rights as a Commitment Party (and, for the avoidance of doubt, the Non-Consenting Commitment Parties shall not be entitled to receive any portion of the Commitment Premium). Any Commitments assumed by a Senior Commitment Party in accordance with this Section 6.16 shall be included, among other things, in the determination of (x) the Commitment Percentage of such Commitment Party for purposes of Section 2.3(e), Section 2.4(b), Section 3.1 and Section 3.2 and (y) the Rights Offering Backstop Commitment of such party for purposes of the definition of Requisite Commitment Parties.

Section 6.17 Equity Investment Defaults. In the event that all of the Common Units being issued in connection with the 2L Investment are not purchased by the 2L Investors (such Common Units, the "**2L Available Units**") in accordance with the terms of the Equity Commitment Agreement (a "**2L Undersubscription**"), the Company and the Commitment Parties hereby agree that upon the occurrence of a 2L Undersubscription, the Commitment Parties and their respective Affiliated Funds, shall, within five (5) Business Days after receipt of written notice from the Company to all Commitment Parties of such 2L Undersubscription, which notice shall be given promptly following the occurrence of such 2L Undersubscription and to all Commitment Parties concurrently, make arrangements for the Commitment Parties and their respective Affiliated Funds to purchase all of the 2L Available Units based upon their relative applicable Commitment Percentages.

Section 6.18 Continued Volcker Compliance. None of the Debtors nor their respective "Affiliates" (as defined in Section 2(k) of the BHC Act) shall: (a) take any action to acquire or retain an ownership interest in or to sponsor, or fail to take any

action necessary to prevent themselves from acquiring or retaining an ownership interest in or sponsoring, a Covered Fund for purposes the Volcker Rule, (b) engage in proprietary trading as defined in the Volcker Rule, (c) provide a line of credit, guarantee or other form of credit support or backstop in favor of a Covered Fund, or (d) provide services in favor of a Covered Fund, except, in each case, as otherwise permitted under an exemption or exclusion from the Volcker Rule.

Section 6.19 Reserve Information. During the Pre-Closing Period, the Debtors shall promptly deliver, and in no event more than five (5) Business Days following completion and/or circulation thereof, to the counsel and financial advisors to Commitment Parties, true, correct and complete copies of all updated information concerning the Debtors' wells and oil and gas property prepared by the Debtors for their internal purposes, external uses or otherwise.

ARTICLE VII

CONDITIONS TO THE OBLIGATIONS OF THE PARTIES

Section 7.1 Conditions to the Obligations of the Commitment Parties. The obligations of each Commitment Party to consummate the transactions contemplated hereby shall be subject to (unless waived in accordance with Section 7.2) the satisfaction of the following conditions prior to or at the Closing:

(a) BCA Approval Order. The Bankruptcy Court shall have entered the BCA Approval Order consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably acceptable to the Requisite Commitment Parties, and such Order shall be a Final Order.

(b) Plan Solicitation Order. The Bankruptcy Court shall have entered the Plan Solicitation Order consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably acceptable to the Requisite Commitment Parties, and such Order shall be a Final Order.

(c) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order consistent with the Restructuring Term Sheet and this Agreement and otherwise in form and substance reasonably acceptable to the Requisite Commitment Parties, and such Order shall be a Final Order.

(d) Plan. The Company and all of the other Debtors shall have complied, in all material respects, with the terms of the Plan (as amended or supplemented from time to time) that are to be performed by the Company and the other Debtors on or prior to the Effective Date and the conditions to the occurrence of the Effective Date (other than any conditions relating to occurrence of the Closing) set forth in the Plan shall have been satisfied or waived in accordance with the terms of the Plan.

(e) Transactions. The Transactions shall have been conducted, in all material respects, in accordance with the Plan Solicitation Order, the Rights Offering Procedures and this Agreement, as applicable.

(f) Effective Date. The Effective Date shall have occurred, or shall be deemed to have occurred concurrently with the Closing, as applicable, in accordance with the terms and conditions in the Plan and in the Confirmation Order.

(g) Registration Rights Agreement; Company Organizational Documents.

(i) The Registration Rights Agreement shall have been executed and delivered by the Company, shall otherwise have become effective with respect to the Commitment Parties and the other parties thereto, and shall be in full force and effect.

(ii) The Company Organizational Documents shall have been duly approved and adopted and shall be in full force and effect.

(h) Expense Reimbursement. The Debtors shall have paid all Expense Reimbursements accrued through the Closing Date pursuant to Section 3.3; provided, that invoices for such Expense Reimbursement must have been received by the Debtors at least three (3) Business Days prior to the Closing Date in order to be required to be paid on the Closing Date.

(i) Antitrust Approvals. All waiting periods imposed by any Governmental Entity or Antitrust Authority in connection with the transactions contemplated by this Agreement shall have terminated or expired and all authorizations, approvals, consents or clearances under the Antitrust Laws or otherwise required by a Governmental Entity in connection with the transactions contemplated by this Agreement shall have been obtained.

(j) No Legal Impediment to Issuance. No Law or Order shall have become effective or been enacted, adopted or issued by any Governmental Entity that prohibits the implementation of the Plan or the transactions contemplated by this Agreement;

(k) Representations and Warranties.

(i) The representations and warranties of the Debtors contained in Sections 4.11 (Absence of Certain Changes) and 4.29 (Investment Company Act) shall be true and correct in all respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(ii) The representations and warranties of the Debtors contained in Sections 4.1 (Organization and Qualification), 4.2 (Corporate Power and Authority), 4.3 (Execution and Delivery; Enforceability), 4.4 (Authorized and Issued Equity Interests), 4.5 (Issuance), 4.6(b) (No Conflict), 4.25 (No Unlawful

Payments), 4.26 (Compliance with Money Laundering and Sections Laws), 4.27 (Reserve Report) and 4.28 (No Broker's Fees) shall be true and correct in all material respects on and as of the Closing Date after giving effect to the Plan (except for such representations and warranties made as of a specified date, which shall be true and correct in all material respects only as of the specified date).

(iii) The representations and warranties of the Debtors contained in this Agreement other than those referred to in clauses (i) and (ii) above shall be true and correct (disregarding all materiality or Material Adverse Effect qualifiers) on and as of the Closing Date after giving effect to the Plan with the same effect as if made on and as of the Closing Date after giving effect to the Plan (except for such representations and warranties made as of a specified date, which shall be true and correct only as of the specified date), except where the failure to be so true and correct does not constitute, individually or in the aggregate, a Material Adverse Effect.

(l) Covenants. The Debtors shall have performed and complied, in all material respects, with all of their respective covenants and agreements contained in this Agreement that contemplate, by their terms, performance or compliance prior to the Closing Date.

(m) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred, and there shall not exist, any Event that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(n) Officer's Certificate. The Commitment Parties shall have received on and as of the Closing Date a certificate of the chief executive officer or chief financial officer of the Company confirming that the conditions set forth in Sections 7.1(k) (Representations and Warranties), (l) (Covenants) and (m) (Material Adverse Effect) have been satisfied.

(o) Funding Notice. The Noteholders shall have received the Funding Notice in accordance with the terms of Section 2.4.

(p) Exit RBL Facility. The Exit RBL Facility shall, as provided in the Restructuring Support Agreement, have become effective, and upon emergence the reorganized Debtors shall have an aggregate of $100,000,000 of cash on hand and undrawn capacity under the Exit RBL Facility.

(q) Key Contracts. The assumption or rejection (in each case, pursuant to section 365 of the Bankruptcy Code) and/or amendment of the Contracts described in Section 1.1 of the Company Disclosure Schedules as of the Closing Date and the liabilities of the Company after the Closing with respect to such Contracts shall, in the aggregate, be reasonably satisfactory to the Requisite Commitment Parties.

(r) Restructuring Support Agreement. The Restructuring Support Agreement remains in full force and effect in accordance with its terms and shall not have been terminated as to the Debtors or the Consenting Senior Note Holders.

(s) DIP Orders. The Debtors shall not, after May 23, 2017, have proposed or supported entry of any DIP Order that is not in form and substance reasonably satisfactory to the Requisite Commitment Parties.

(t) Acceptable Hedging Program. The Hedging Order shall be in full force and effect, the Debtors shall have used commercially reasonable efforts to implement an Acceptable Hedging Program, and the reorganized Debtors shall be able to maintain a similar program following the Effective Date under the terms of the Exit RBL Facility, Exit Term Loans, and any other financing arrangements entered into by the Debtors on the Effective Date.

(u) Glasscock County Assets. The Debtors shall have received net proceeds of no less than $75 million from the sale of their assets in Glasscock County, Texas, and such proceeds shall be available to pay RBL Facility Claims (as defined in the Restructuring Support Agreement).

Section 7.2 Waiver of Conditions to Obligations of Commitment Parties. All or any of the conditions set forth in Section 7.1 may only be waived in whole or in part with respect to all Commitment Parties by a written instrument executed by the Requisite Commitment Parties in their sole discretion and if so waived, all Commitment Parties shall be bound by such waiver; provided, however, that the conditions set forth in subsections (c) (Confirmation Order), (f) (Effective Date), (i) (Antitrust Approvals), (j) (No Legal Impediment) and (l) (Covenants) of Section 7.1 shall not be subject to waiver except by a written instrument executed by all Commitment Parties.

Section 7.3 Conditions to the Obligations of the Debtors. The obligations of the Debtors to consummate the transactions contemplated hereby with the Commitment Parties is subject to (unless waived by the Company) the satisfaction of each of the following conditions:

(a) BCA Approval Order. The Bankruptcy Court shall have entered the BCA Approval Order and such Order shall be a Final Order.

(b) Plan Solicitation Order. The Bankruptcy Court shall have entered the Plan Solicitation Order, and such Order shall be a Final Order.

(c) Confirmation Order. The Bankruptcy Court shall have entered the Confirmation Order, and such Order shall be a Final Order.

(d) Effective Date. The Effective Date shall have occurred, or shall be deemed to have occurred concurrently with the Closing, as applicable, in accordance with the terms and conditions in the Plan and in the Confirmation Order.

(e) Antitrust Approvals. All waiting periods imposed by any Governmental Entity or Antitrust Authority in connection with the transactions contemplated by this Agreement shall have terminated or expired and all authorizations, approvals, consents or clearances under the Antitrust Laws or otherwise required by any Governmental Entity in connection with the transactions contemplated by this Agreement shall have been obtained.

(f) No Legal Impediment to Issuance. No Law or Order shall have become effective or been enacted, adopted or issued by any Governmental Entity that prohibits the implementation of the Plan or the transactions contemplated by this Agreement.

(g) Representations and Warranties.

(i) The representations and warranties of the Commitment Parties contained in this Agreement that are qualified by "materiality" or "material adverse effect" or words or similar import shall be true and correct in all respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date (except for such representations and warranties made as of a specified date, which shall be true and correct in all respects only as of the specified date).

(ii) The representations and warranties of the Commitment Parties contained in this Agreement that are not qualified by "materiality" or "material adverse effect" or words or similar import shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date (except for such representations and warranties made as of a specified date, which shall be true and correct in all material respects only as of the specified date).

(h) Covenants. The Commitment Parties shall have performed and complied, in all material respects, with all of their covenants and agreements contained in this Agreement and in any other document delivered pursuant to this Agreement.

(i) Exit RBL Facility. The Exit RBL Facility, as provided in the Restructuring Support Agreement, shall have become effective.

(j) Restructuring Support Agreement. The Restructuring Support Agreement remains in full force and effect in accordance with its terms and shall not have been terminated as to the Debtors or the Consenting Senior Note Holders.

ARTICLE VIII

INDEMNIFICATION AND CONTRIBUTION

Section 8.1 Indemnification Obligations. Following the entry of the BCA Approval Order, the Company and the other Debtors (the "**Indemnifying Parties**" and each, an "**Indemnifying Party**") shall, jointly and severally, indemnify and hold harmless each Commitment Party and its Affiliates, equity holders, members, partners, general partners, managers and its and their respective Representatives and controlling persons (each, an "**Indemnified Person**") from and against any and all losses, claims, damages, liabilities and costs and expenses (other than Taxes of the Commitment Parties except to the extent otherwise provided for in this Agreement) arising out of a claim asserted by a third-party (collectively, "**Losses**") that any such Indemnified Person may incur or to which any such Indemnified Person may become subject arising out of or in connection with this Agreement, the Plan and the

transactions contemplated hereby and thereby, including the Rights Offering Backstop Commitment, the Rights Offering, the 4(a)(2) Backstop Commitment, the 4(a)(2) Backstop Commitment Investment, the payment of the Commitment Premium or the use of the proceeds of the Transactions, or any claim, challenge, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto, whether or not such proceedings are brought by the Company, the other Debtors, their respective equity holders, Affiliates, creditors or any other Person, and reimburse each Indemnified Person upon demand for reasonable documented (with such documentation subject to redaction to preserve attorney client and work product privileges) legal or other third-party expenses incurred in connection with investigating, preparing to defend or defending, or providing evidence in or preparing to serve or serving as a witness with respect to, any lawsuit, investigation, claim or other proceeding relating to any of the foregoing (including in connection with the enforcement of the indemnification obligations set forth herein), irrespective of whether or not the transactions contemplated by this Agreement or the Plan are consummated or whether or not this Agreement is terminated; provided, that the foregoing indemnity will not, as to any Indemnified Person, apply to Losses (a) as to a Defaulting Commitment Party, its Related Parties or any Indemnified Person related thereto, caused by a Commitment Party Default by such Commitment Party, or (b) to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the bad faith, willful misconduct or gross negligence of such Indemnified Person.

Section 8.2 Indemnification Procedure. Promptly after receipt by an Indemnified Person of notice of the commencement of any claim, challenge, litigation, investigation or proceeding (an "**Indemnified Claim**"), such Indemnified Person will, if a claim is to be made hereunder against the Indemnifying Party in respect thereof, notify the Indemnifying Party in writing of the commencement thereof; provided, that (a) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have hereunder except to the extent it has been materially prejudiced by such failure and (b) the omission to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability that it may have to such Indemnified Person otherwise than on account of this Article VIII. In case any such Indemnified Claims are brought against any Indemnified Person and it notifies the Indemnifying Party of the commencement thereof, the Indemnifying Party will be entitled to participate therein, and, at its election by providing written notice to such Indemnified Person, the Indemnifying Party will be entitled to assume the defense thereof, with counsel reasonably acceptable to such Indemnified Person; provided, that if the parties (including any impleaded parties) to any such Indemnified Claims include both such Indemnified Person and the Indemnifying Party and based on advice of such Indemnified Person's counsel there are legal defenses available to such Indemnified Person that are different from or additional to those available to the Indemnifying Party, such Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Indemnified Claims. Upon receipt of notice from the Indemnifying Party to such Indemnified Person of its election to so assume the defense of such Indemnified Claims with counsel reasonably acceptable to the Indemnified Person, the Indemnifying Party shall not be liable to such Indemnified Person for expenses incurred by such Indemnified Person in connection with the defense thereof or participation therein (other than reasonable costs of investigation) unless (i) such Indemnified Person shall have employed separate counsel (in

addition to any local counsel) in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the Indemnifying Party shall not be liable for the expenses of more than one separate counsel representing the Indemnified Persons who are parties to such Indemnified Claims (in addition to one local counsel in each jurisdiction in which local counsel is required)), (ii) the Indemnifying Party shall not have employed counsel reasonably acceptable to such Indemnified Person to represent such Indemnified Person within a reasonable time after the Indemnifying Party has received notice of commencement of the Indemnified Claims from, or delivered on behalf of, the Indemnified Person, (iii) after the Indemnifying Party assumes the defense of the Indemnified Claims, the Indemnified Person determines in good faith that the Indemnifying Party has failed or is failing to defend such claim and provides written notice of such determination and the basis for such determination, and such failure is not reasonably cured within ten (10) Business Days of receipt of such notice, or (iv) the Indemnifying Party shall have authorized in writing the employment of counsel for such Indemnified Person. Notwithstanding anything herein to the contrary, the Debtors shall have sole control over any Tax controversy or Tax audit relating to the Taxes of the Debtors and shall be permitted to settle any liability for Taxes of the Debtors; provided that the Debtors shall not settle any such liability without the prior written consent of the Requisite Commitment Parties (such consent not to be unreasonably withheld, conditioned or delayed).

Section 8.3 Settlement of Indemnified Claims. In connection with any Indemnified Claim for which an Indemnified Person is assuming the defense in accordance with this Article VIII, the Indemnifying Party shall not be liable for any settlement of any Indemnified Claims effected by such Indemnified Person without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed). If any settlement of any Indemnified Claims is consummated with the written consent of the Indemnifying Party or if there is a final judgment for the plaintiff in any such Indemnified Claims, the Indemnifying Party agrees to indemnify and hold harmless each Indemnified Person from and against any and all Losses by reason of such settlement or judgment to the extent such Losses are otherwise subject to indemnification by the Indemnifying Party hereunder in accordance with, and subject to the limitations of, this Article VIII. The Indemnifying Party shall not, without the prior written consent of an Indemnified Person (which consent shall be granted or withheld, conditioned or delayed in the Indemnified Person's sole discretion), effect any settlement of any pending or threatened Indemnified Claims in respect of which indemnity or contribution has been sought hereunder by such Indemnified Person unless (i) such settlement includes an unconditional release of such Indemnified Person in form and substance satisfactory to such Indemnified Person from all liability on the claims that are the subject matter of such Indemnified Claims and (ii) such settlement does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

Section 8.4 Contribution. If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless from Losses that are subject to indemnification pursuant to Section 8.1, then the Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Person as a result of such Loss in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, but also

the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Person, on the other hand, as well as any relevant equitable considerations. It is hereby agreed that the relative benefits to the Indemnifying Party, on the one hand, and all Indemnified Persons, on the other hand, shall be deemed to be in the same proportion as (a) the total value received or proposed to be received by the Company pursuant to the issuance and sale of the Unsubscribed Units in the Rights Offering or the sale of the 4(a)(2) Backstop Commitment Units in the 4(a)(2) Backstop Commitment Investment contemplated by this Agreement and the Plan bears to (b) the Commitment Premium paid or proposed to be paid to the Commitment Parties. The Indemnifying Parties also agree that no Indemnified Person shall have any liability based on their comparative or contributory negligence or otherwise to the Indemnifying Parties, any Person asserting claims on behalf of or in right of any of the Indemnifying Parties, or any other Person in connection with an Indemnified Claim.

Section 8.5 Treatment of Indemnification Payments. All amounts paid by an Indemnifying Party to an Indemnified Person under this Article VIII shall, to the extent permitted by applicable Law, be treated as adjustments to the Per Unit Purchase Price for all Tax purposes. The provisions of this Article VIII are an integral part of the transactions contemplated by this Agreement and without these provisions the Commitment Parties would not have entered into this Agreement. The BCA Approval Order shall provide that the obligations of the Company under this Article VIII shall constitute allowed administrative expenses of the Debtors' estate under sections 503(b) and 507 of the Bankruptcy Code and are payable without further Order of the Bankruptcy Court, and that the Company may comply with the requirements of this Article VIII without further Order of the Bankruptcy Court.

Section 8.6 No Survival. All representations, warranties, covenants and agreements made in this Agreement shall not survive the Closing Date except for covenants and agreements that by their terms are to be satisfied after the Closing Date, which covenants and agreements shall survive until satisfied in accordance with their terms.

ARTICLE IX

TERMINATION

Section 9.1 Consensual Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date by mutual written consent of the Company and the Requisite Commitment Parties.

Section 9.2 Automatic Termination. Notwithstanding anything to the contrary in this Agreement, unless and until there is an unstayed Order of the Bankruptcy Court providing that the giving of notice under and/or termination of this Agreement in accordance with its terms is not prohibited by the automatic stay imposed by section 362 of the Bankruptcy Code, and except as otherwise provided in this Section 9.2, at which point this Agreement may be terminated by the Requisite Commitment Parties upon written notice to the Company upon the occurrence of any of the following Events, this Agreement shall terminate automatically without any further action or notice by any Party at 5:00 p.m., New York City time on the fifth Business Day following the occurrence of any of the following Events; provided that,

the Requisite Commitment Parties may waive such termination or extend any applicable dates in accordance with Section 10.7:

(a) the Closing Date has not occurred by 11:59 p.m., New York City time on July 6, 2017 (as it may be extended pursuant to this Section 9.2(a) or Section 2.3, the "**Outside Date**"), unless prior thereto the Effective Date occurs and each of the Transactions have been consummated; provided, that the Outside Date may be waived or extended with the prior written approval of the Requisite Commitment Parties; provided, further, that if any Commitment Party does not consent to a waiver or extension of the Outside Date beyond 5:00 p.m., New York City time on February 24, 2018 the ("**End Date**") within seven (7) days of a written request being made either by the Company or by any other Commitment Party for such a waiver or extension (which request was made no later than the date seven (7) days prior to the Outside Date and has not been withdrawn) and such waiver or extension is duly approved by the Requisite Commitment Parties, such Commitment Party shall be deemed a Non-Consenting Commitment Party who has elected to withdraw from its Commitments and Exit Term Loan Backstop Commitment, as applicable, pursuant to Section 6.16 (Withdrawal of Commitment Party) and shall no longer be a party to this Agreement or the Restructuring Support Agreement (and, for the avoidance of doubt, such Commitment Party shall not be entitled to receive any portion of the Commitment Premium);

(b) the Restructuring Support Agreement is terminated as to the Debtors or the Consenting Senior Note Holders (as defined in the Restructuring Support Agreement) in accordance with its terms;

(c) the Company or any of the other Debtors files any motion, application or adversary proceeding (or any of the Company, any of the other Debtors or other Restructuring Support Party supports any such motion, application, or adversary proceeding filed or commenced by any third party) (i) challenging the validity, enforceability, or priority of, or seeking avoidance or subordination of the Note Claims, or (ii) asserting any other cause of action against and/or with respect to or relating to such claims;

(d) (i) the Company or the other Debtors shall have breached any representation, warranty, covenant or other agreement made by the Company or the other Debtors in this Agreement or any such representation or warranty shall have become inaccurate and such breach or inaccuracy would, individually or in the aggregate, cause a condition set forth in Section 7.1(k) (Representations and Warranties), Section 7.1(l) (Covenants) or Section 7.1(m) (Material Adverse Effect) not to be satisfied, (ii) the Commitment Parties shall have delivered written notice of such breach or inaccuracy to the Company, (iii) such breach or inaccuracy is not cured by the Company or the other Debtors by the tenth (10^{th}) Business Day after receipt of such notice, and (iv) as a result of such failure to cure, any condition set forth in Section 7.1(k) (Representations and Warranties), Section 7.1(l) (Covenants), or Section 7.1(m) (Material Adverse Effect) is not capable of being satisfied; provided, that, this Agreement shall not terminate automatically pursuant to this Section 9.2(d) if the Commitment Parties are then in willful or intentional breach of this Agreement;

(e) any Law or final and non-appealable Order shall have been enacted, adopted or issued by any Governmental Entity that prohibits the implementation of the Plan or

the Transactions or the transactions contemplated by this Agreement or the other Transaction Agreements, in a way that cannot be remedied by the Debtors in a manner reasonably acceptable to the Requisite Commitment Parties;

(f) (i) the Debtors have materially breached their obligations under Section 6.13 (Alternative Transactions); (ii) the Bankruptcy Court approves or authorizes an Alternative Transaction; or (iii) any of the Debtors enters into any Contract providing for the consummation of any Alternative Transaction or files any motion or application seeking authority to propose, join in or participate in the formation of, any actual or proposed Alternative Transaction;

(g) the Company or any other Debtor (i) amends or modifies, or files a pleading seeking authority to amend or modify, the Definitive Documentation in a manner that is materially inconsistent with this Agreement; (ii) suspends or revokes the Transaction Agreements; or (iii) publicly announces its intention to take any such action listed in sub-clauses (i) or (ii) of this subsection;

(h) any of the BCA Approval Order, Plan Solicitation Order or Confirmation Order is terminated, reversed, stayed, dismissed, vacated, or reconsidered, or any such Order is modified or amended after entry without the prior written consent (not to be unreasonably withheld, conditioned or delayed) of the Requisite Commitment Parties in a manner that prevents or prohibits the consummation of the transactions contemplated by this Agreement or the other Transaction Agreements in a way that cannot be remedied by the Debtors in a manner reasonably acceptable to the Requisite Commitment Parties;

(i) any of the Orders approving the Exit RBL Facility, the Exit Term Loans, this Agreement, the Rights Offering Procedures, the Plan or the Disclosure Statement or the Confirmation Order are reversed, stayed, dismissed, vacated or reconsidered or modified or amended without the acquiescence or written consent (not to be unreasonably withheld, conditioned or delayed) of the Requisite Commitment Parties (and such action has not been reversed or vacated within thirty (30) calendar days after its issuance) in a manner that prevents or prohibits the consummation of the Restructuring Transactions contemplated in this Agreement or any of the Definitive Documents in a way that cannot be remedied by the Debtors subject to the reasonable satisfaction of the Requisite Commitment Parties; or

(j) an acceleration of the obligations or termination of commitments under the DIP Facility.

Section 9.3 Termination by the Company.

This Agreement may be terminated by the Company upon written notice to each Commitment Party upon the occurrence of any of the following Events, subject to the rights of the Company to fully and conditionally waive, in writing, on a prospective or retroactive basis the occurrence of such Event:

(a) any Law or final and non-appealable Order shall have been enacted, adopted or issued by any Governmental Entity that prohibits the implementation of the Plan or

the Transactions or the transactions contemplated by this Agreement or the other Transaction Agreements in a way that cannot be remedied by the Debtors in a manner reasonably acceptable to the Requisite Commitment Parties;

(b) subject to the right of the Commitment Parties to arrange a Commitment Party Replacement in accordance with Section 2.3(a) (which will be deemed to cure any breach by the replaced Commitment Party pursuant to this subsection (b)), (i) any Commitment Party shall have breached any representation, warranty, covenant or other agreement made by such Commitment Party in this Agreement or any such representation or warranty shall have become inaccurate and such breach or inaccuracy would, individually or in the aggregate, cause a condition set forth in Section 7.3(g) (Representations and Warranties) or Section 7.3(h) (Covenants) not to be satisfied, (ii) the Company shall have delivered written notice of such breach or inaccuracy to such Commitment Party, (iii) such breach or inaccuracy is not cured by such Commitment Party by the tenth (10^{th}) Business Day after receipt of such notice, and (iv) as a result of such failure to cure, any condition set forth in Section 7.3(g) (Representations and Warranties) or Section 7.3(h) (Covenants) is not capable of being satisfied; provided, that the Company shall not have the right to terminate this Agreement pursuant to this Section 9.3(b) if it is then in willful or intentional breach of this Agreement;

(c) the Debtors determine, after receiving advice from counsel, that proceeding with the Restructuring Transactions (including, without limitation, the Plan or solicitation of the Plan) would be inconsistent with the exercise of the fiduciary duties of the board of directors or analogous governing body of the Debtors; provided, that, concurrently with such termination, the Company pays the Commitment Premium pursuant to Section 9.4(b)(ii).

(d) the BCA Approval Order, Plan Solicitation Order, or Confirmation Order is terminated, reversed, stayed, dismissed, vacated, or reconsidered, or any such Order is modified or amended after entry without the prior acquiescence or written consent (not to be unreasonably withheld, conditioned or delayed) of the Company in a manner that prevents or prohibits the consummation of the Restructuring Transactions contemplated in this Agreement or any of the Definitive Documents in a way that cannot be remedied by the Commitment Parties subject to the reasonable satisfaction of the Debtors;

(e) the Restructuring Support Agreement is terminated in accordance with its terms;

(f) any of the Orders approving the Exit RBL Facility, the Exit Term Loans, this Agreement, the Rights Offering Procedures, the Plan or the Disclosure Statement or the Confirmation Order are reversed, stayed, dismissed, vacated or reconsidered or modified or amended without the acquiescence or consent (not to be unreasonably withheld, conditioned or delayed) of the Company (and such action has not been reversed or vacated within thirty (30) calendar days after its issuance) in a manner that prevents or prohibits the consummation of the Restructuring Transactions contemplated in this Agreement or any of the Definitive Documents in a way that cannot be remedied by the Commitment Parties subject to the reasonable satisfaction of the Debtors; or

(g) the Closing Date has not occurred by the earlier of (i) the Outside Date (as the same may be extended pursuant to Section 9.2(a) or Section 2.3), and (ii) the date that is two hundred seventy (270) days from the date hereof, in either case, unless prior thereto the Effective Date occurs and each of the Transactions have been consummated; provided, that the Company shall not have the right to terminate this Agreement pursuant to this Section 9.3(g) if it is then in material breach of this Agreement.

Section 9.4 Effect of Termination.

(a) Upon termination of this Agreement pursuant to this Article IX, this Agreement shall forthwith become void and there shall be no further obligations or liabilities on the part of the Parties; provided, that (i) the obligations of the Debtors to pay the Expense Reimbursement pursuant to Article III and to satisfy their indemnification obligations pursuant to Article VIII shall survive the termination of this Agreement and shall remain in full force and effect, in each case, until such obligations have been satisfied, (ii) the provisions set forth in Article VIII, this Section 9.4 and Article X shall survive the termination of this Agreement in accordance with their terms and (iii) subject to Section 10.10 (Damages), nothing in this Section 9.4 shall relieve any Party from liability for its gross negligence or any willful or intentional breach of this Agreement. For purposes of this Agreement, "**willful or intentional breach**" means a breach of this Agreement that is a consequence of an act undertaken by the breaching Party with the knowledge that the taking of such act would, or would reasonably be expected to, cause a breach of this Agreement.

(b) The Debtors shall make payments to the Commitment Premium Parties or their designees based upon their respective Commitment Premium Share Amount on the date of payment, by wire transfer of immediately available funds to such accounts as the Requisite Commitment Parties may designate, if this Agreement is terminated as follows:

(i) upon termination pursuant to: (A) Section 9.2(c) (Adversary Proceeding), Section 9.2(d) (Breach) (unless such termination is the result of a breach not within the control of the Debtors) or Section 9.2(f) (Alternative Transactions); (B) Section 9.2(a) (Outside Date) where the failure of the Closing Date to occur prior to the Outside Date results from the Company's breach of this Agreement (it being understood that a failure of the Closing Date to occur prior to the Outside Date arising from events not within the control of the Debtors (such as, for example, the failure to satisfy the condition set forth in Section 7.1(t) (Hedging) notwithstanding the Company's compliance with its obligations under Section 6.14) shall not constitute a termination covered by this clause (B)); or (C) Section 9.2(b) (Restructuring Support Agreement) or Section 9.3(e) (Restructuring Support Agreement), in either case as a result of (x) a termination of the Restructuring Support Agreement pursuant to Section 9(c) thereof or (y) a termination of the Restructuring Support Agreement by the Required Consenting Senior Note Holders (as defined therein) arising from a breach of the Restructuring Support Agreement by the Debtors unless such breach is the result of (I) actions of the Bankruptcy Court not arising from any action or omission by the Debtors or (II) any other events not within the control of the Debtors (such as, for example, the failure to meet any Milestone (as defined in the Restructuring

Support Agreement) notwithstanding the fact that the Company has taken all reasonably necessary actions to comply with the Milestone and has otherwise complied with its obligations under the Restructuring Support Agreement, it being understood and agreed that in the event that revisions or modifications to the Plan are required to render it confirmable, the failure of the Parties to agree to such modifications or amendments or the failure of the Parties to agree on the resolution of any blank or bracketed terms in the Plan prior to the Outside Date shall not constitute a termination covered by this clause (C)); then, in the case of each of clauses (A), (B) and (C), the Company shall pay the Commitment Premium, in cash, on or prior to the second (2nd) Business Day following such termination; and

(ii) if the Company shall terminate this Agreement pursuant to Section 9.3(c) (Fiduciary Duties), then the Company shall pay the Commitment Premium, in cash, concurrently with such termination.

To the extent that all amounts due in respect of the Commitment Premium pursuant to this Section 9.4(b) have actually been paid by the Debtors to the Commitment Premium Parties in connection with a termination of this Agreement, the Commitment Parties shall not have any additional recourse against the Debtors for any obligations or liabilities relating to or arising from this Agreement, except for liability for gross negligence or willful or intentional breach of this Agreement pursuant to Section 9.4(a). Except as set forth in this Section 9.4(b), the Commitment Premium shall not be payable upon the termination of this Agreement.

ARTICLE X

GENERAL PROVISIONS

Section 10.1 Notices. All notices and other communications in connection with this Agreement shall be in writing and shall be deemed given if delivered personally, sent via electronic facsimile (with confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the Parties at the following addresses (or at such other address for a Party as may be specified by like notice):

(a) If to the Company or any of the other Debtors:

Vanguard Natural Resources, LLC
San Felipe Plaza
5847 San Felipe St. #3000
Houston, TX 77057
Fax: (832) 327-220
Attn: Scott W. Smith, President and Chief Executive Officer
Richard Robert, Chief Financial Officer
Email: swsmith@vnrllc.com
rrobert@vnrllc.com

with copies (which shall not constitute notice) to:

Paul Hastings LLP
71 S. Wacker Drive
45th Floor
Chicago, IL 60606
Tel: (312) 499-6000
Fax: (312) 499-6100
Attn: Christopher Dickerson
Douglas V. Getten
Todd M. Schwartz
Email: chrisdickerson@paulhastings.com
douggetten@paulhastings.com
toddschwartz@paulhastings.com

(b) If to the Commitment Parties:

To each Commitment Party at the addresses or e-mail addresses set forth below the Commitment Party's signature in its signature page to this Agreement.

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

Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, New York 10005
Tel: (212) 530-5100
Fax: (212) 530-5219
Attn: Dennis Dunne
Samuel Khalil
Brian Kinney
Scott Golenbock
Email: ddunne@milbank.com
skhalil@milbank.com
bkinney@milbank.com
sgolenbock@milbank.com

Section 10.2 Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned by any Party (whether by operation of Law or otherwise) without the prior written consent of the Company and the Requisite Commitment Parties, other than an assignment by a Commitment Party expressly permitted by Section 2.3 or 2.6 and any purported assignment in violation of this Section 10.2 shall be void *ab initio.* Except as provided in Article VIII with respect to the Indemnified Persons, this Agreement (including the documents and instruments referred to in

this Agreement) is not intended to and does not confer upon any Person any rights or remedies under this Agreement other than the Parties.

Section 10.3 Prior Negotiations; Entire Agreement.

(a) This Agreement (including the agreements attached as Exhibits to and the documents and instruments referred to in this Agreement) constitutes the entire agreement of the Parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, among the Parties with respect to the subject matter of this Agreement, except that the Parties hereto acknowledge that any confidentiality agreements heretofore executed among the Parties and the Restructuring Support Agreement (including the Restructuring Term Sheet) will each continue in full force and effect.

(b) Notwithstanding anything to the contrary in the Plan (including any amendments, supplements or modifications thereto) or the Confirmation Order (and any amendments, supplements or modifications thereto) or an affirmative vote to accept the Plan submitted by any Commitment Party, nothing contained in the Plan (including any amendments, supplements or modifications thereto) or Confirmation Order (including any amendments, supplements or modifications thereto) shall alter, amend or modify the rights of the Commitment Parties under this Agreement unless such alteration, amendment or modification has been made in accordance with Section 10.7.

Section 10.4 Governing Law; Venue. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO SUCH STATE'S CHOICE OF LAW PROVISIONS WHICH WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. BY ITS EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY AGREES FOR ITSELF THAT ANY LEGAL ACTION, SUIT, OR PROCEEDING AGAINST IT WITH RESPECT TO ANY MATTER ARISING UNDER, ARISING OUT OF, OR IN CONNECTION WITH THIS AGREEMENT OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RENDERED IN ANY SUCH ACTION, SUIT, OR PROCEEDING, SHALL BE BROUGHT IN THE BANKRUPTCY COURT AND BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH OF THE PARTIES IRREVOCABLY ACCEPTS AND SUBMITS ITSELF TO THE EXCLUSIVE JURISDICTION OF SUCH COURT, GENERALLY AND UNCONDITIONALLY, WITH RESPECT TO ANY SUCH ACTION, SUIT OR PROCEEDING. THE PARTIES HEREBY AGREE THAT MAILING OF PROCESS OR OTHER PAPERS IN CONNECTION WITH ANY SUCH ACTION OF PROCEEDING TO AN ADDRESS PROVIDED IN WRITING BY THE RECIPIENT OF SUCH MAILING, OR IN SUCH OTHER MANNER AS MAY BE PERMITTED BY LAW, SHALL BE VALID AND SUFFICIENT SERVICE THEREOF AND HEREBY WAIVE ANY OBJECTIONS TO SERVICE ACCOMPLISHED IN THE MANNER HEREIN PROVIDED.

Section 10.5 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY JURISDICTION IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE AMONG THE

PARTIES UNDER THIS AGREEMENT, WHETHER IN CONTRACT, TORT OR OTHERWISE.

Section 10.6 Counterparts. This Agreement may be executed in any number of counterparts, all of which will be considered one and the same agreement and will become effective when counterparts have been signed by each of the Parties and delivered to each other Party (including via facsimile or other electronic transmission), it being understood that each Party need not sign the same counterpart.

Section 10.7 Waivers and Amendments; Rights Cumulative; Consent. This Agreement may be amended, restated, modified or changed only by a written instrument signed by the Company and the Requisite Commitment Parties; provided, that (a) any Commitment Party's prior written consent shall be required for any waiver or amendment that would, directly or indirectly: (i) modify such Commitment Party's Commitment Percentage, provided, however, a Commitment Party's written consent shall not be required in the event that each Commitment Party's Commitments are being affected *pro rata* in accordance with their relative Commitment Percentages, (ii) increase the Per Unit Purchase Price, (iii) decrease the Commitment Premium or adversely modify in any material respect the method of payment thereof, (iv) increase the Commitment of such Commitment Party, (v) change the End Date or (vi) have a materially adverse and disproportionate effect on such Commitment Party; (b) any Exit Term Loan Commitment Party's prior written consent shall be required for any waiver or amendment that would, directly or indirectly modify such Exit Term Loan Commitment Party's Exit Term Loan Backstop Commitment, provided, however, an Exit Term Loan Commitment Party's written consent shall not be required in the event that each Exit Term Loan Commitment Party's Exit Term Loan Backstop Commitment is being reduced *pro rata* relative to the aggregate Exit Term Loan Backstop Commitments provided by the Exit Term Loan Commitment Parties and (c) the prior written consent of each Senior Commitment Party that was an original signatory hereto that is still a Commitment Party as of such date of amendment shall be required for any amendment to the definition of "Requisite Commitment Parties". Notwithstanding the foregoing, the Commitment Schedule shall be revised as necessary without requiring a written instrument signed by the Company and the Requisite Commitment Parties to reflect changes in the composition of the Commitment Parties and Commitment Percentages as a result of Transfers permitted in accordance with the terms and conditions of this Agreement. Other than as set forth in the first sentence of this Section 10.7, the terms and conditions of this Agreement (other than the conditions set forth in Sections 7.1 and 7.3, the waiver of which shall be governed solely by Article VII) may be waived (A) by the Debtors only by a written instrument executed by the Company and (B) by the Requisite Commitment Parties only by a written instrument executed by the Requisite Commitment Parties. No delay on the part of any Party in exercising any right, power or privilege pursuant to this Agreement will operate as a waiver thereof, nor will any waiver on the part of any Party of any right, power or privilege pursuant to this Agreement, nor will any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement.

Section 10.8 Headings. The headings in this Agreement are for reference purposes only and will not in any way affect the meaning or interpretation of this Agreement.

Section 10.9 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to an injunction or injunctions without the necessity of posting a bond to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity. Unless otherwise expressly stated in this Agreement, no right or remedy described or provided in this Agreement is intended to be exclusive or to preclude a Party from pursuing other rights and remedies to the extent available under this Agreement, at law or in equity.

Section 10.10 Damages. Notwithstanding anything to the contrary in this Agreement, none of the Parties will be liable for, and none of the Parties shall claim or seek to recover, any punitive, special, indirect or consequential damages or damages for lost profits.

Section 10.11 No Reliance. No Commitment Party or any of its Related Parties shall have any duties or obligations to the other Commitment Parties in respect of this Agreement, the Plan or the transactions contemplated hereby or thereby, except those expressly set forth herein. Without limiting the generality of the foregoing, (a) no Commitment Party or any of its Related Parties shall be subject to any fiduciary or other implied duties to the other Commitment Parties, (b) no Commitment Party or any of its Related Parties shall have any duty to take any discretionary action or exercise any discretionary powers on behalf of any other Commitment Party, (c) no Commitment Party or any of its Related Parties shall have any duty to the other Commitment Parties to obtain, through the exercise of diligence or otherwise, to investigate, confirm, or disclose to the other Commitment Parties any information relating to the Company or any of its Subsidiaries that may have been communicated to or obtained by such Commitment Party or any of its Affiliates in any capacity, (d) no Commitment Party may rely, and each Commitment Party confirms that it has not relied, on any due diligence investigation that any other Commitment Party or any Person acting on behalf of such other Commitment Party may have conducted with respect to the Company or any of its Affiliates or any of their respective securities, and (e) each Commitment Party acknowledges that no other Commitment Party is acting as a placement agent, initial purchaser, underwriter, broker or finder with respect to its Unsubscribed Units, 4(a)(2) Backstop Commitment Units or Commitment Percentage of its Commitments.

Section 10.12 Publicity. At all times prior to the Closing Date or the earlier termination of this Agreement in accordance with its terms, the Company and the Commitment Parties shall consult with each other prior to issuing any press releases (and provide each other a reasonable opportunity to review and comment upon such release) or otherwise making public announcements with respect to the transactions contemplated by this Agreement, it being understood that nothing in this Section 10.12 shall prohibit any Party from filing any motions or other pleadings or documents with the Bankruptcy Court in connection with the Chapter 11 Cases.

Section 10.13 Settlement Discussions. This Agreement and the transactions contemplated herein are part of a proposed settlement of a dispute between the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Section 408 of the U.S. Federal Rules of Evidence and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any Legal Proceeding, except to the extent filed with, or disclosed to, the Bankruptcy Court in connection with the Chapter 11 Cases (other than a Legal Proceeding to approve or enforce the terms of this Agreement).

Section 10.14 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that certain of the Parties may be partnerships or limited liability companies, each Party covenants, agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any Party's Affiliates, or any of such Party's Affiliates' or respective Related Parties in each case other than the Parties to this Agreement and each of their respective successors and permitted assignees under this Agreement, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any of the Related Parties, as such, for any obligation or liability of any Party under this Agreement or any documents or instruments delivered in connection herewith for any claim based on, in respect of or by reason of such obligations or liabilities or their creation; provided, however, nothing in this Section 10.14 shall relieve or otherwise limit the liability of any Party hereto or any of their respective successors or permitted assigns for any breach or violation of its obligations under this Agreement or such other documents or instruments. For the avoidance of doubt, prior to the Effective Date, none of the Parties will have any recourse, be entitled to commence any proceeding or make any claim under this Agreement or in connection with the transactions contemplated hereby except against any of the Parties or their respective successors and permitted assigns, as applicable.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned Parties have duly executed this Agreement as of the date first above written.

VANGUARD NATURAL RESOURCES, LLC

By: _____
Name:
Title:

[COMMITMENT PARTIES]

By: _____
Name:
Title:

Notice Information [Address]

[Email address]

[Attention to:]

Schedule 1

Commitment Schedule

Party		Commitment Percentage	Additional Commitment Percentage	Rights Offering Backstop Commitment	4(a)(2) Backstop Commitment
Joinder Commitment Parties:					
Senior Commitment Parties					
Incremental Senior Commitment Parties					
Total		100.0%		$127,875,000	127,875,000

Schedule 2

Exit Term Loan Backstop Commitment Schedule

Party	Exit Term Loan Backstop Commitment	Percentage of Exit Term Loan Backstop Commitment
Total		100%

Company Disclosure Schedule

Section 4.32

Volcker Compliance

None.

Exhibit A-1

1145 Rights Offering Procedures

See attached.

Exhibit A-2

Accredited Investor Rights Offering Procedures

See attached.

Exhibit B

Form of Joinder Agreement for Related Purchaser

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT (this "**Joinder**") dated as of [____], 2017, by and among [_____] (the "**Transferor**") and [_____] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Vanguard Natural Resources, LLC, on behalf of itself and each of the other Debtors and the Commitment Parties party thereto have heretofore executed and delivered a Backstop Commitment and Equity Investment Agreement, dated as of February 24, 2017 (as amended, supplemented restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(b) of the Agreement, each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any creditworthy Affiliate or Affiliated Fund (other than any portfolio company of such Commitment Party or its Affiliates), subject to the terms and conditions set forth in the Agreement;

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the percentage of its Commitments set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which his hereby acknowledged, the Transferor, the Transferee and the Company covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "General Provisions" set forth in Article X of the Agreement shall be deemed to apply to this Joinder and is incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, the Commitment Percentage set forth beneath its signature in the signature page hereto (and Schedule 1 to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Commitment Party and Party and as such will have all the rights and be subject to all of the obligations and agreements of a Commitment Party under the Agreement and

(b) to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, such number of Unsubscribed Units and 4(a)(2) Backstop Commitment Units as corresponds to the Transferee's Commitment Percentage. For the avoidance of doubt, the Transferee's Commitment Percentage as of the date hereof is set forth on the signature page hereto (and Schedule 1 to the Agreement shall be deemed to have been revised in accordance with the Agreement); provided, however, that such Transferee's Commitment Percentage may be increased or decreased after the date hereof as provided in the Agreement and the BCA Approval Order.

4. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that (a) the Transferee is an Affiliate or an Affiliated Fund of the Transferor; (b) the Transferee is not a portfolio company of the Transferor or the Transferor's Affiliates and (c) the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

5. Representations and Warranties of the Transferee. The Transferee hereby makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement.

6. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction.

7. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 10.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:

TRANSFEREE:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:

Acknowledged and Agreed to:

VANGUARD NATURAL RESOURCES, LLC
As a Debtor

By: _____
Name:
Title:

:

Exhibit C-1

Form of Joinder Agreement for Existing Commitment Party

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT (this "**Joinder**") dated as of [____], 2017, by and among [_____] (the "**Transferor**") and [_____] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Vanguard Natural Resources, LLC, on behalf of itself and each of the other Debtors and the Commitment Parties party thereto have heretofore executed and delivered a Backstop Commitment and Equity Investment Agreement, dated as of February 24, 2017 (as amended, supplemented restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(c) of the Agreement, each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any other Commitment Party or such other Commitment Party's Affiliate or Related Purchaser, subject to the terms and conditions set forth in the Agreement;

[WHEREAS, pursuant to Section 2.6(g) of the Agreement, each Commitment Party may Transfer a proportional amount of its Exit Term Loan Backstop Commitment to any Person in connection with any Transfer of all or any portion of such Party's Commitments to such Person in accordance with Sections 2.6(c) through (e);]

WHEREAS, the Subject Transfer has been consented to be the Requisite Commitment Parties; and

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the percentage of its Commitments [and the Exit Term Loan Backstop Commitment] set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which his hereby acknowledged, the Transferor, the Transferee and the Company covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "General Provisions" set forth in Article X of the Agreement shall be deemed to apply to this Joinder and is incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, the Commitment Percentage [and the Exit Term Loan Backstop Commitment] set forth beneath its signature in the signature page hereto (and Schedule[s] 1 [and 2] to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Commitment Party and Party and as such will have all the rights and be subject to all of the obligations and agreements of a Commitment Party under the Agreement [and] (b) to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, such number of Unsubscribed Units and 4(a)(2) Backstop Commitment Units as corresponds to the Transferee's Commitment Percentage [and (c) to purchase the Exit Term Loan Backstop Commitment]. For the avoidance of doubt, the Transferee's Commitment Percentage [and Exit Term Loan Backstop Commitment] as of the date hereof is set forth on the signature page hereto (and Schedule[s] 1[and 2] to the Agreement shall be deemed to have been revised in accordance with the Agreement); provided, however, that such Transferee's Commitment Percentage [and Exit Term Loan Backstop Commitment] may be increased or decreased after the date hereof as provided in the Agreement and the BCA Approval Order.

4. Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of the Agreement that occurs prior to consummation of the Subject Transfer) under the Agreement to the extent of the Commitments [and Exit Term Loan Backstop Commitment] Transferred in the Subject Transfer.

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that (a) the Transferee is not a portfolio company of the Transferor or the Transferor's Affiliates and (b) the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

6. Representations and Warranties of the Transferee. The Transferee hereby makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement.

7. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction.

8. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 10.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:
Exit Term Loan Backstop Commitment:

TRANSFEREE:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:
Exit Term Loan Backstop Commitment:

Acknowledged and Agreed to:

VANGUARD NATURAL RESOURCES, LLC
As a Debtor

By: _____
Name:
Title:

Exhibit C-2

Form of Amendment for Existing Commitment Party

AMENDMENT TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT

AMENDMENT TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT (this "**Amendment**") dated as of [____], 2017, by and among [_____] (the "**Transferor**") and [_____] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Vanguard Natural Resources, LLC, on behalf of itself and each of the other Debtors and the Commitment Parties party thereto have heretofore executed and delivered a Backstop Commitment and Equtiy Investment Agreement, dated as of February 24, 2017 (as amended, supplemented restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(c) of the Agreement, each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any other Commitment Party or such other Commitment Party's Affiliate or Related Purchaser, subject to the terms and conditions set forth in the Agreement;

[WHEREAS, pursuant to Section 2.6(g) of the Agreement, each Commitment Party may Transfer a proportional amount of its Exit Term Loan Backstop Commitment to any Person in connection with any Transfer of all or any portion of such Party's Commitments to such Person in accordance with Sections 2.6(c) through (e);]

WHEREAS, the Subject Transfer has been consented to be the Requisite Commitment Parties; and

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the percentage of its Commitments [and the Exit Term Loan Backstop Commitment] set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which his hereby acknowledged, the Transferor, the Transferee and the Company covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "General Provisions" set forth in Article X of the Agreement shall be deemed to apply to this Amendment and is incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, the Commitment Percentage [and the Exit Term Loan Backstop Commitment] set forth beneath its signature in the signature page hereto (and Schedule[s] 1 [and 2] to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, such number of Unsubscribed Units and 4(a)(2) Backstop Commitment Units as corresponds to the Transferee's Commitment Percentage [and the Exit Term Loan Backstop Commitment set forth on the signature page hereto]. For the avoidance of doubt, the Transferee's Commitment Percentage [and the Exit Term Loan Backstop Commitment] as of the date hereof is set forth on the signature page hereto (and Schedule[s] 1 [and 2] to the Agreement shall be deemed to have been revised in accordance with the Agreement); provided, however, that such Transferee's Commitment Percentage [and the Exit Term Loan Backstop Commitment] may be increased or decreased after the date hereof as provided in the Agreement and the BCA Approval Order.

4. Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of the Agreement that occurs prior to consummation of the Subject Transfer) under the Agreement to the extent of the Commitments [and the Exit Term Loan Backstop Commitment] Transferred in the Subject Transfer.

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that (a) the Transferee is not a portfolio company of the Transferor or the Transferor's Affiliates and (b) the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

6. Representations and Warranties of the Transferee. The Transferee hereby makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement.

7. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction, and, to the extent applicable, the Bankruptcy Code.

8. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 10.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Amendment to be executed as of the date first written above.

TRANSFEROR:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:
Exit Term Loan Backstop Commitment:

TRANSFEREE:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:
Exit Term Loan Backstop Commitment:

Acknowledged and Agreed to:

VANGUARD NATURAL RESOURCES, LLC
As a Debtor

By: _____
Name:
Title:

Exhibit D

Form of Joinder Agreement for New Purchaser

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT (this "**Joinder**") dated as of [____], 2017, by and among [_____] (the "**Transferor**") and [_____] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Vanguard Natural Resources, LLC, on behalf of itself and each of the other Debtors and the Commitment Parties party thereto have heretofore executed and delivered a Backstop Commitment and Equity Investment Agreement, dated as of February 24, 2017 (as amended, supplemented restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(d) of the Agreement, each Commitment Party shall have the right to Transfer all or any portion of its Commitments to any Person, subject to the terms and conditions set forth in the Agreement;

[WHEREAS, pursuant to Section 2.6(g) of the Agreement, each Commitment Party may Transfer a proportional amount of its Exit Term Loan Backstop Commitment to any Person in connection with any Transfer of all or any portion of such Party's Commitments to such Person in accordance with Sections 2.6(c) through (e);]

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the percentage of its Commitments [and the Exit Term Loan Backstop Commitment] set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

WHEREAS, the Subject Transfer has been consented to be the Requisite Commitment Parties; and

WHEREAS, [the Subject Transfer has been consented to by the Company]/[the Transferor has agreed to remain obligated to fund the portion of the Commitments [and the Exit Term Loan Backstop Commitment] to be Transferred in the Subject Transfer;]

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which is hereby acknowledged, the Transferor, the Transferee and the Company covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "General Provisions" set forth in Article X of the Agreement shall be deemed to apply to this Joinder and is incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, the Commitment Percentage [and the Exit Term Loan Backstop Commitment] set forth beneath its signature in the signature page hereto (and Schedule[s] 1 [and 2] to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Commitment Party and Party and as such will have all the rights and be subject to all of the obligations and agreements of a Commitment Party under the Agreement and (b) to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, such number of Unsubscribed Units and 4(a)(2) Backstop Commitment Units as corresponds to the Transferee's Commitment Percentage [and (c) to purchase, the Exit Term Loan Backstop Commitment]. For the avoidance of doubt, the Transferee's Commitment Percentage [and Exit Term Loan Backstop Commitment] as of the date hereof is set forth on the signature page hereto (and Schedule[s] 1 and [2] to the Agreement shall be deemed to have been revised in accordance with the Agreement); provided, however, that such Transferee's Commitment Percentage [and Exit Term Loan Backstop Commitment] may be increased or decreased after the date hereof as provided in the Agreement and the BCA Approval Order.

4. [Continuing Obligations of Transferor. Nothing in this Joinder shall be construed to relieve the Transferor from any of its obligations under the Agreement.]/[Release of Obligations of Transferor. Upon consummation of the Subject Transfer, the Transferor shall be deemed to relinquish its rights (and be released from its obligations, except for any claim for breach of the Agreement that occurs prior to consummation of the Subject Transfer) under the Agreement to the extent of the Commitments Transferred [and Exit Term Loan Backstop Commitment] in the Subject Transfer.][1]

5. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that (a) the Subject Transfer has been approved by the Requisite Commitment Parties; (b) [the Subject Transfer has been consented to by the Company]/[it has agreed to remain obligated to fund the Commitments [and Exit Term Loan Backstop Commitment] to be Transferred in the Subject Transfer] and (c) the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

6. Representations and Warranties of the Transferee. The Transferee hereby makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement.

7. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction, and, to the extent applicable, the Bankruptcy Code.

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[1] For the avoidance of doubt, the Transferor will only be released from its obligations if there has been a consent to the Transfer.

8. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 10.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

I IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:
Exit Term Loan Backstop Commitment:

TRANSFEREE:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Commitment Percentage:
Exit Term Loan Backstop Commitment:

Acknowledged and Agreed to:

VANGUARD NATURAL RESOURCES, LLC
As a Debtor

By: _____
Name:
Title:

Exhibit E

Form of Joinder Agreement for Related Purchaser (Exit Term Loan Backstop Commitment)

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT

JOINDER TO BACKSTOP COMMITMENT AND EQUITY INVESTMENT AGREEMENT (this "**Joinder**") dated as of [____], 2017, by and among [_____] (the "**Transferor**") and [_____] (the "**Transferee**").

W I T N E S S E T H:

WHEREAS, Vanguard Natural Resources, LLC, on behalf of itself and each of the other Debtors and the Commitment Parties party thereto have heretofore executed and delivered a Backstop Commitment and Equity Investment Agreement, dated as of February 24, 2017 (as amended, supplemented restated or otherwise modified from time to time, the "**Agreement**");

WHEREAS, pursuant to Section 2.6(g) of the Agreement, each Exit Term Loan Commitment Party may Transfer all or any portion of its Exit Term Loan Backstop Commitment to any credit-worthy Affiliate or Affiliated Fund (other than any portfolio company of such Exit Term Loan Commitment Party or its Affiliates), subject to the terms and conditions set forth in the Agreement;

WHEREAS, Transferor desires to sell to Transferee and Transferee desires to purchase from Transferor the Exit Term Loan Backstop Commitment set forth beneath its signature in the signature page hereto (the "**Subject Transfer**");

NOW, THEREFORE, in consideration of the foregoing and for good and valuable consideration, the receipt of which his hereby acknowledged, the Transferor, the Transferee and the Company covenant and agree as follows:

1. Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. The "General Provisions" set forth in Article X of the Agreement shall be deemed to apply to this Joinder and is incorporated herein by reference, *mutatis mutandis*.

2. Agreement to Transfer. The Transferor hereby agrees to Transfer to the Transferee, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, the Exit Term Loan Backstop Commitment set forth beneath its signature in the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement).

3. Agreement to be Bound. The Transferee hereby agrees (a) to become a party to the Agreement as a Commitment Party and Party and as such will have all the rights and be

subject to all of the obligations and agreements of a Commitment Party under the Agreement and (b) to purchase, pursuant and subject to the terms and conditions set forth in the Agreement and the BCA Approval Order, the Exit Term Loan Backstop Commitment. For the avoidance of doubt, the Transferee's Exit Term Loan Backstop Commitment as of the date hereof is set forth on the signature page hereto (and Schedule 2 to the Agreement shall be deemed to have been revised in accordance with the Agreement); provided, however, that such Transferee's Commitment Percentage may be increased or decreased after the date hereof as provided in the Agreement and the BCA Approval Order.

4. Representations and Warranties of the Transferor. The Transferor hereby represents and warrants that (a) the Transferee is an Affiliate or an Affiliated Fund of the Transferor; (b) the Transferee is not a portfolio company of the Transferor or the Transferor's Affiliates and (c) the Subject Transfer does not violate any of the provisions contained in Section 2.6(e) of the Agreement.

5. Representations and Warranties of the Transferee. The Transferee hereby makes, to each of the other Parties, as to itself only and (unless otherwise set forth therein) as of the date hereof and as of the Closing Date, the representations and warranties set forth in Article V of the Agreement.

6. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York without regard for any conflict of law principles that would apply the laws of any other jurisdiction.

7. Notice. All notices and other communications given or made to the Transferee in connection with the Agreement shall be made in accordance with Section 10.1 of the Agreement, to the address set forth under the Transferee's signature in the signature pages hereto (and the Agreement shall be deemed to have been updated to include such notice information for the Transferee).

[*Signature pages follow*]

IN WITNESS WHEREOF, each of the undersigned parties has caused this Joinder to be executed as of the date first written above.

TRANSFEROR:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Exit Term Loan Backstop Commitment:

TRANSFEREE:
[ ]

By: _____
Name:
Title:

Address 1:
Address 2:
Attention:
Facsimile:
Email:
Exit Term Loan Backstop Commitment:

Acknowledged and Agreed to:

VANGUARD NATURAL RESOURCES, LLC
As a Debtor

By: _____
Name:
Title:

Exhibit J

Second Lien Investment Agreement

Execution Version

AMENDED AND RESTATED EQUITY COMMITMENT AGREEMENT

This AMENDED AND RESTATED EQUITY COMMITMENT AGREEMENT (this "**Agreement**"), originally dated as of February 24, 2017, as amended and restated on May [], 2017, is made and entered into by and among Vanguard Natural Resources, LLC, a Delaware limited liability company (the "**Company**"), Fir Tree, Inc., on behalf of certain investment funds it manages (collectively, "**Fir Tree**"), Wexford Capital LP, on behalf of certain investment funds it manages (collectively, "**Wexford**") and York Capital Management Global Advisors, LLC, on behalf of certain funds and/or accounts managed by it or its affiliates (collectively, "**York Capital**," and together with Fir Tree and Wexford, the "**Investors**" and each of them an "**Investor**").

RECITALS

WHEREAS the Investors collectively hold approximately 80.5% of the outstanding obligations under those certain 7.0% Senior Secured Second Lien Notes due 2023 issued under the Indenture dated February 10, 2016, by and among the Company, VNR Finance Corp., and Delaware Trust Company, as successor to U.S. Bank National Association, as trustee;

WHEREAS on February 1, 2017, the Company and its direct and indirect subsidiaries (collectively, the "**Debtors**") entered into that certain Restructuring Support Agreement with the Investors, the Consenting 2020 Noteholders (as defined therein), and the Consenting 2019 Note Holders (as defined therein) (the "**Restructuring Support Agreement**"), which was amended on the date hereof;

WHEREAS the Debtors have commenced voluntary cases under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**"), Case No. 17-30560 (the "**Cases**");

WHEREAS the Debtors intend to reorganize pursuant to a joint plan of reorganization (the "**Plan**"), which Plan will reflect the terms outlined in the plan term sheet attached as Exhibit A to the Restructuring Support Agreement (the "**Term Sheet**");

WHEREAS, the consummation of the Plan and all related transactions contemplated by the Plan, including the transactions contemplated by this commitment letter (as amended, restated, supplemented or otherwise modified from time to time in accordance with this Agreement) are hereinafter collectively referred to as the "**Transaction**";

WHEREAS in connection with the Transaction and subject to and in accordance with the Restructuring Support Agreement, the Company will, among other things, issue New Equity Interests to finance the proposed Plan;

WHEREAS the Investors wish, among other things, to make certain equity commitments, subject to the terms of this Agreement, in order to facilitate the Company's restructuring pursuant to the Transaction contemplated by the Plan; and

WHEREAS each Investor has agreed to fund its equity commitments, subject to and in accordance with the provisions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, warranties and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, all capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Restructuring Support Agreement. In addition, the following terms have the following meanings:

1.1.1 "**Agreement**" means this agreement as it may be amended, modified, supplemented or restated.

1.1.2 "**Aggregate Equity Commitment Amount**" means $19.25 million.

1.1.3 "**Audited Financial Statements**" has the meaning given to it in Section 5.2.1.

1.1.4 "**Backstop Commitment Agreement**" means that certain Backstop Commitment and Equity Investment Agreement among the Company and the Commitment Parties thereto, dated as of February 24, 2017.

1.1.5 "**Bankruptcy Court**" has the meaning given thereto in the Recitals.

1.1.6 "**Cases**" has the meaning given thereto in the Recitals.

1.1.7 "**Company**" has the meaning given thereto in the preamble.

1.1.8 "**Debtors**" has the meaning given thereto in the Recitals.

1.1.9 "**Definitive Documentation**" means all documents and agreement governing the Debtors' restructuring and the Transaction as set forth in the Restructuring Support Agreement.

1.1.10 "**Effective Date**" means the effective date of the Plan.

1.1.11 "**Equity Commitment**" in relation to:

A. Fir Tree, means $14,116,720.84;

B. Wexford, means $3,250,453.80; and

C. York Capital, means $1,882,825.36

1.1.12 "**Equity Contribution**" has the meaning given thereto in Section 2.1.

1.1.13 "**Financial Statements**" has the meaning given thereto in Section 5.2.1.

1.1.14 "**Investor**" has the meaning given thereto in the preamble.

1.1.15 "**Investment**" shall mean the purchase by the Investors of the New Equity Interests pursuant to the commitment made herein.

1.1.16 "**New Equity Interests**" means the ownership interests in the reorganized Company.

1.1.17 "**Projections**" has the meaning given thereto in Section 5.2.3.

1.1.18 "**Restructuring Support Agreement**" has the meaning given thereto in the Recitals.

1.1.19 "**SEC**" has the meaning given to it in Section 5.2.2.

1.1.20 "**Term Sheet**" has the meaning given thereto in the Recitals.

1.1.21 "**Transaction**" has the meaning given thereto in the Recitals.

1.1.22 "**Unaudited Financial Statements**" has the meaning given thereto in Section 5.2.1.

1.2 Certain Rules of Interpretation

1.2.1 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the words "including" or "includes" in this Agreement is to be construed as meaning "including, without limitation" or "includes, without limitation", respectively.

1.2.2 The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.

1.2.3 All references in this Agreement to dollar amounts are to the United States dollar.

ARTICLE 2

EQUITY CONTRIBUTIONS

2.1 Equity Contributions

2.1.1 Each Investor severally, and not jointly, irrevocably agrees to make an equity contribution in accordance with this Agreement (each an "**Equity Contribution**") in an aggregate amount equal to its Equity Commitment. In no event shall any Investor be obligated

to make any Equity Contribution that exceeds such Investor's Equity Commitment at the time such Equity Contribution is made. Each Equity Contribution shall be paid to an account designated by the Company in immediately available funds no later than the Effective Date.

2.1.2 If any Investor defaults in its obligation to make an Equity Contribution in accordance with this Agreement, then (a) subject to Section 2.1.2(b), the obligations of each of the non-defaulting Investors to make an Equity Contribution at the Effective Date shall not exceed such Investor's Equity Commitment under to this Agreement, (b) the non-defaulting Investors shall contribute to the Company the amount, on a pro rata basis, of such defaulting Investor's Equity Contribution to be made under this Agreement, and (c) the Company and the non-defaulting Investors shall be entitled, but not obligated, to institute proceedings against the defaulting Investor to obtain payment of its portion of the Equity Contribution. If the Investors fail to make an equity contribution that, in aggregate, is equal to the Aggregate Equity Commitment Amount, the Backstop Parties have agreed to make an equity contribution, and purchase New Equity Interests, in the amount of the shortfall pursuant to Section 6.17 of the Backstop Commitment Agreement.

2.1.3 In return for their Equity Contributions, the Investors shall receive New Equity Interests in an amount equal to the Aggregate Equity Commitment Amount at a 25% discount to plan value (based on a total enterprise value of $1.425 billion), subject to dilution by the management incentive plan.

2.1.4 The issuance of the New Equity Interests to the Investors shall be exempt from the registration requirements of the securities laws pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, or another available exemption from registration.

ARTICLE 3

COMPANY OBLIGATIONS

3.1 Information

The Company agrees that it will, and will cause each of the other Debtors to, provide to Investors reasonable access to the Company and the management personnel of the Debtors and all information with respect to the Investment or the Transaction as Investors may reasonably request.

3.2 Fees

In connection with the Transaction and subject to and in accordance with the Restructuring Support Agreement, the Company shall, subject to Bankruptcy Court approval, pay or reimburse when due, all reasonable and documented fees and expenses (including travel costs and expenses) of the following in accordance with the engagement letters entered into with each of the following on February 1, 2017 (regardless of whether such fees and expenses were incurred before or after the Petition Date), Morrison & Foerster LLP as primary counsel, Jackson Walker LLP as local counsel, and Centerview Partners LLC as financial advisor, in each case to the Investors.

3.3 **Indemnification**

3.3.1 The Company agrees, subject to the provisions of this paragraph below, to indemnify and hold harmless each Investor and its affiliates and their respective members, managers, trustees, general and limited partners, controlling persons, securityholders, officers, directors, employees, affiliates, advisors, agents, attorneys and representatives (each, an "Indemnified Party") from and against any and all losses, claims, damages, liabilities and expenses (including fees and disbursements of counsel), to which any such Indemnified Party may become subject arising out of or in connection with or relating to this Agreement, the Definitive Documentation, the Investment, any use made or proposed to be made with the proceeds thereof, the Transaction or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether the Company or any Indemnified Party shall have initiated the foregoing or shall be a party thereto, and to reimburse each Indemnified Party upon demand for any legal or other expenses reasonably incurred in connection with investigating or defending any of the foregoing (including in connection with the enforcement of the indemnification obligations set forth herein), irrespective of whether any of the transactions contemplated hereby are consummated; provided, however, that the foregoing indemnity will not, as to any Indemnified Party, apply to losses, claims, damages, liabilities or related expenses to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of such Indemnified Party. In no event shall any Indemnified Party be liable to Company or any other Debtor or any creditor or equityholder of any thereof on any theory of liability for any special, indirect, consequential or punitive damages.

The Company further agrees that, without the prior written consent of Investors, none of the Debtors will enter into any settlement of any claim, litigation, investigation or proceeding involving this Agreement, or the Investment, any use made or proposed to be made with the proceeds thereof or the Transaction unless such settlement (i) includes an explicit and unconditional release, from the party bringing such claim, litigation, investigation or proceeding, of all Indemnified Parties and (ii) does not include a statement as to or an admission of fault, culpability, or a failure to act by or on behalf of any Indemnified Party. No Indemnified Party shall be liable for any damages arising from the use by unauthorized persons of any information made available to any Indemnified Party by any Debtor or any representative thereof through electronic, telecommunications or other information transmission systems that is intercepted by such unauthorized persons.

3.3.2 Any liability for indemnification under this Agreement shall be determined without duplication of recovery due to the facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement.

ARTICLE 4

TERMINATION

Investors shall have the right, but not the obligation, upon five (5) days' written notice to the Company and counsel to the Consenting Senior Note Holders, to terminate their obligations

under this Agreement upon the occurrence of any of the following events, unless waived, in writing, by the Investors on a prospective or retroactive basis:

1. the filing by the Debtors of any Definitive Documentation that is materially inconsistent with the terms of the Investment as set forth herein and in the Term Sheet;

2. the failure to meet any Milestone in Section 4 of the Restructuring Support Agreement unless (i) such failure is the result of any act, omission, or delay on the part of Investors in violation of its obligations under the Restructuring Support Agreement or hereunder or (ii) such Milestone is extended in accordance with Section 4 of the Restructuring Support Agreement;

3. the filing by the Debtors of any Definitive Documentation that does not have the consent required by Section 3 (iv) of the Restructuring Support Agreement, to the extent such consent is required by such subsection;

4. entry of an order by the Bankruptcy Court amending or modifying the Definitive Documentation, unless such amendment or modification is consistent in all material respects with the terms of this Agreement;

5. the termination of the Backstop Commitment Agreement in accordance with its terms; or

6. the Required Consenting Senior Note Holders terminate the Restructuring Support Agreement as set forth in Section 7 of the Restructuring Support Agreement.

This Agreement may be terminated and the transactions contemplated thereby may be abandoned at any time by mutual written consent of the Company and the Investors. Upon any termination pursuant to the terms herein, this Agreement shall forthwith become void and there shall be no further obligations or liabilities on the part of the Company or the Investors; provided, that Company's indemnification obligations set forth herein shall survive termination of this Agreement indefinitely and shall remain in full force and effect.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Investor Representations and Warranties

Each Investor represents and warrants in favor of the Company as follows:

5.1.1 Such Investor is a legal entity duly organized, validly existing and, if applicable, in good standing (or the equivalent thereof) under the laws of its jurisdiction of incorporation or organization;

5.1.2 Such Investor has the requisite power and authority (corporate or otherwise) to enter into, execute and deliver this Agreement and each other agreement to which such Investor is a party and to perform its obligations hereunder and thereunder and has taken all necessary action (corporate or otherwise) required for the due authorization, execution, delivery and performance by it of this Agreement and the Transaction;

5.1.3 This Agreement and the Transaction to which such Investor is a party (a) has been, or prior to its execution and delivery will be, duly and validly executed and delivered by such Investor and (b) upon entry of an order from the Bankruptcy Court approving the Transaction and assuming due and valid execution and delivery hereof and thereof by the Company and the other Debtors (as applicable), will constitute valid and legally binding obligations of such Investor, enforceable against such Investor in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws limiting creditors' rights generally or by equitable principles relating to enforceability;

5.1.4 No consent, approval, authorization, order, registration or qualification of or with any governmental entity having jurisdiction over such Investor or any of its properties is required for the execution and delivery by such Investor of this Agreement and the Transaction, the compliance by such Investor with the provisions hereof and thereof and the consummation of the transactions, except (a) any consent, approval, authorization, order, registration or qualification which, if not made or obtained, would not reasonably be expected, individually or in the aggregate, to prohibit or materially and adversely impact such Investor's performance of its obligations under this Agreement and the Transaction and (b) filings, notifications, authorizations, approvals, consents, clearances or termination or expiration of all applicable waiting periods under any antitrust laws in connection with the transactions contemplated by this Agreement;

5.1.5 Assuming that the consents referred to in clauses Section 5.1.4 are obtained, the execution and delivery by such Investor of this Agreement and the Transaction, the compliance by such Investor with all of the provisions hereof and thereof and the consummation of the transactions contemplated herein and therein (a) will not conflict with, or result in breach, modification, termination or violation of, any of the terms or provisions of, or constitute a default under (with or without notice or lapse of time or both), or result in the acceleration of, or the creation of any lien under, any contract to which such Investor is party or is bound or to which any of the property or assets or such Investor is subject, (b) will not result in any violation of the provisions of the certificate of incorporation or bylaws (or comparable constituent documents) of such Investor and (c) will not result in any material violation of any law or order applicable to such Investor or any of its properties, except in each of the cases described in clauses (a) or (c), for any conflict, breach, modification, termination, violation, default, acceleration or Lien which would not reasonably be expected, individually or in the aggregate, to prohibit or materially and adversely impact such Investor's performance of its obligations under this Agreement.;

5.1.6 To the best of its knowledge, there are no actions pending or threatened against it that would reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Agreement or to consummate the transactions contemplated hereby; and

5.1.7 Such Investors have sufficient assets and the financial capacity to perform all of their obligations under this Agreement and in connection with the Transaction.

5.2 **Company Representations and Warranties**

The Company hereby represents and warrants in favor of each Investor as follows:

5.2.1 (a) audited consolidated balance sheets of the Company as at December 31, 2015 and the related consolidated statements of operations and of cash flows for the fiscal year then ended, accompanied by a report thereon by BDO USA LLP (collectively, the "**Audited Financial Statements**") and (b) unaudited consolidated balance sheet of the Company as at September 30, 2016 and the related statements of operations and cash flows (the "**Unaudited Financial Statements**" and, together with the Audited Financial Statements, the "**Financial Statements**"), in each case, present fairly the consolidated financial condition of the Company as at such date, and the consolidated results of its operations and its consolidated cash flows for the fiscal year then ended. All such Financial Statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein).

5.2.2 The Company has filed with or furnished to the Securities and Exchange Commission (the "**SEC**") all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be filed or furnished by it since December 31, 2015 under the relevant securities laws As of their respective dates, and, if amended, as of the date of the last such amendment, each of the reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) filed with the SEC by the Company, including any financial statements or schedules included therein, (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated in such document or necessary in order to make the statements in such document, in light of the circumstances under which they were made, not misleading and (ii) complied in all material respects with the applicable requirements of all applicable federal securities laws and the applicable rules and regulations of the SEC; and

5.2.3 The projections (the "**Projections**") that have been or will be prepared and made available to Investors by the Company or any of its representatives have been and will be prepared in good faith based upon reasonable assumptions at the time made. The Company agrees that if, at any time prior to the Effective Date, any of the representations in the preceding sentence would be incorrect in any material respect if the Projections were being furnished, and such representations were being made, at such time, then the Company will promptly supplement the Projections so that such representations will be correct under those circumstances.

5.3 **Survival of Representations and Warranties**

All representations and warranties contained in Sections 5.1 and 5.2 of this Agreement are made on the date hereof and, except for those representations and warranties that expressly speak as of an earlier date, upon the date upon which each Investor is required to contribute funds in accordance with this Agreement to bring its Equity Commitment to $0, with the same

force and effect as if such representations and warranties had been made and given on and as of each such date.

ARTICLE 6

DEFINITIVE DOCUMENTATION

6.1 The Company agrees to negotiate in good faith the Definitive Documentation that is subject to negotiation and completion.

ARTICLE 7

GENERAL

7.1 Entire Agreement

This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, letters of intent and understandings, both written and oral, between the parties with respect to the subject matter hereof.

7.2 Severability

If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of applicable law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to any party.

7.3 Governing Law and Submission to Jurisdiction

This Agreement and all matters relating hereto or arising herefrom shall be governed by and construed in accordance with the laws of the State of New York, applicable to contracts performed in that state. Each party consents to the nonexclusive jurisdiction and venue of the Bankruptcy Court, and in the event that the Bankruptcy Court does not have or declines to exercise jurisdiction or there is reason to believe that it would not have or would decline to exercise jurisdiction, to the nonexclusive jurisdiction and venue of the state or federal courts located in the City of New York in the Borough of Manhattan. Subject to the foregoing, each party hereto irrevocably waives, to the fullest extent permitted by applicable law, (a) any right it may have to a trial by jury in any legal proceeding related to or arising out of this Commitment Letter or the transactions contemplated hereby (whether based on contract, tort or any other theory) and (b) any objection that it may now or hereafter have to the laying of venue of any such legal proceeding in the Bankruptcy Court or the state or federal courts located in the City of New York in the Borough of Manhattan.

7.4 Amendment and Waiver

This Agreement may not be amended or modified except by an instrument in writing signed by the parties that expressly states it is intended to amend or modify this Agreement. Any

failure of a party to comply with any obligation, covenant, agreement, or condition contained herein may be waived only if set forth in an instrument in writing signed by the other party, but any such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any other failure.

7.5 **Assignment**

None of this Agreement or the Investors' Equity Commitments hereunder shall be assignable by the Company without the prior written consent of Investors, and any attempted assignment without such consent shall be void. Any and all obligations of an Investor hereunder may be performed, and any and all of its rights hereunder may be exercised, by or through any of its affiliates. Each Investor may assign any portion of any of its commitments hereunder to one or more non-affiliates; provided, however, that such assignment shall not relieve any Investor of its obligations hereunder.

7.6 **Parties in Interest**

Nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. For the avoidance of doubt, references to "the parties hereto" in this Commitment Letter shall refer to Investors and the Company (on behalf of itself and the other Debtors) only.

7.7 **Counterparts**

This Agreement may be executed and delivered (including by facsimile transmission or electronic communication via .pdf) in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that the parties need not sign the same counterpart. Signatures of the parties transmitted by facsimile or electronic mail shall be deemed to be their original signatures for all purposes.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

VANGUARD NATURAL RESOURCES, LLC,
on behalf of itself and the other Debtors,

By: _____
Name:
Title:

INVESTORS:

FIR TREE INC. (on behalf of certain investment funds under management)

By: _____
Name:
Title:

WEXFORD CAPITAL LP
By: Wexford GP, LLC, its General Partner (on behalf of certain investment funds under management)

By: _____
Name:
Title:

York Capital Management Global Advisors, LLC
o/b/o certain funds and/or accounts managed by it or its affiliates

By: _____
Name:
Title:

Exhibit K

Exit Facility Term Sheet

VANGUARD NATURAL GAS, LLC
SUMMARY OF PROPOSED TERMS AND CONDITIONS
OF REVOLVING CREDIT FACILITY AND TERM FACILITY

This Summary of Proposed Terms and Conditions (the "Term Sheet") outlines certain key terms of a proposed Amended and Restated Revolving Credit Facility and Term Loan Facility to be effective on the effective date of the Plan (as defined below). This Term Sheet is for discussion purposes only and is neither a proposal nor a commitment to provide financing. Nothing in this Term Sheet is binding on any party and no party will be bound to any commitment or agreement until such time, if any, as Definitive Documentation shall have been executed and delivered among the parties with express reference to such commitment or agreement and approved by the Bankruptcy Court. The outlined offered terms are subject to change, withdrawal or modification in the sole discretion of the Agent and/or the Loan Parties. (For purposes of this Term Sheet "Definitive Documentation" means all documents related to the Plan, including, without limitation, the Plan Support Agreement, the Disclosure Statement, Plan, and Confirmation Order). No party shall be entitled to rely on any statement or representation made by any other party or its representatives except as ultimately set forth in final, executed Definitive Documentation, if any.

Prepetition Facility:	The senior secured revolving credit facility (the "Prepetition Facility") provided by Citibank, N.A., as Administrative Agent under and as defined therein (the "Prepetition Agent"), and certain lenders (the "Prepetition Lenders") pursuant to that certain Third Amended and Restated Credit Agreement dated as of September 30, 2011 (as amended, supplemented or otherwise modified, the "Prepetition Credit Agreement") by and among the Borrower (together with its affiliated chapter 11 debtors, the "Debtors"), as borrower thereunder, Vanguard Natural Resources, LLC, a Delaware limited liability company (the "Parent"), as parent guarantor, the Prepetition Agent and the Prepetition Lenders.
Borrower:	Vanguard Natural Gas, LLC, a Delaware limited liability company (the "Borrower"), as reorganized pursuant to the Plan.
Guarantors:	The obligations of (a) the Borrower under the Facilities (as defined below), (b) any Loan Party (as defined below) under any hedging agreements entered into between such Loan Party and any counterparty that is a Lender (as defined below) (or any affiliate thereof) and (c) any Loan Party under any treasury management arrangements between such Loan Party and a Lender (or any affiliate thereof) (such obligations, collectively, the "Obligations") will be unconditionally guaranteed, on a joint and several basis, by the Parent, each other entity formed or otherwise continuing through the Plan as a successor to the Debtors (other than the Borrower) and each other wholly-owned direct or indirect subsidiary of the Borrower (collectively with the Parent, the "Guarantors" and, collectively with the Borrower, the "Loan Parties"; and such guarantee being referred to as the "Guarantee"). All Guarantees shall be guarantees of payment and not of collection.
The Plan Support Agreement:	The Debtors, the Consenting RBL Lenders, the Consenting Second Lien Note Holders, and the Consenting Senior Note Holders (each as defined therein) shall enter into a plan support agreement (the "Plan Support Agreement"), which agreement shall be in form and substance satisfactory to the Required Prepetition Lenders and consistent in all respects with the

terms provided for herein.

Required Prepetition Lenders:	"Required Prepetition Lenders" shall mean Prepetition Lenders totaling at least 50% of all Prepetition Lenders, in number, and holding more than 66 2/3% of the Prepetition Commitments (as defined below).
Prepetition Commitment:	"Prepetition Commitment" shall mean, as to each Prepetition Lender, its pro rata share of the Aggregate Commitments (as defined in the Prepetition Credit Agreement).
Chapter 11 Plan:	The Debtors shall file with the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") and seek confirmation of a chapter 11 plan (the "Plan"), which shall (a) be consistent in all respects with this Term Sheet and the Definitive Documentation, (b) give effect to the transactions contemplated by this Term Sheet and the Definitive Documentation, and (c) otherwise be in form and substance reasonably satisfactory to the Required Prepetition Lenders.
Lead Arranger and Bookrunner:	Citibank, N.A. ("Citibank") will act as lead arranger and bookrunner (in such capacity, including any affiliates acting in such capacity, collectively, the "Lead Arranger").
Administrative Agent, Issuing Bank and Swingline Lender:	Citibank, as administrative agent and issuing bank (in such capacities, respectively, the "Agent" or "Issuing Bank", as the case may be). Additional Issuing Banks may be added with the consent of the Borrower and the Agent.
Lenders:	Initially, each Prepetition Lender electing to participate in the Facilities (as described and defined below) pursuant to the Plan Support Agreement (each, an "Electing Lender") and certain of the Consenting Senior Note Holders (as defined in the Plan Support Agreement) upon the acquisition by such Consenting Senior Note Holders of $31.25 million of Term Loans (deemed issued under the Term Facility as described and defined below) pursuant to the Backstop Commitment[1] and in accordance with the Plan (collectively, and together with any party that becomes a lender by assignment, the "Lenders").[2]
Facilities:	A senior secured, amended and restated Revolving Facility and a "last-out"[3] first lien Term Facility (collectively, the "Facilities"), in each case, as more fully described below and which shall become effective on the

[1] "Backstop Commitment" means the Amended and Restated Backstop Commitment and Equity Investment Agreement, dated as of May [●], 2017 by the Commitment Parties party thereto and the Borrower.

[2] Amount of Revolving Facility and Term Facility to be reduced by pro rata share attributable to any Prepetition Lender that is not an Electing Lender, and replaced by a new term loan with terms TBD (the "Alternative Term Loan").

[3] For the avoidance of doubt, the Term Facility shall be "last-out" solely in connection with relative payment priority with respect to the Revolving Facility, but shall be senior in payment priority to the Alternative Term Loan.

effective date of the Plan (the "Plan Effective Date").

(a) Revolving Facility. Pursuant to the Plan, and as part of the treatment of their Obligations under the Plan, the Electing Lenders shall become revolving lenders on the Plan Effective Date (collectively, the "Revolving Lenders") by agreeing to provide a lending commitment in respect of a senior secured first lien reserve-based revolving credit facility (each such Revolving Lender's commitment, as reduced from time to time in accordance with the terms hereof, its "Revolving Commitment Amount" and such revolving facility, the "Revolving Facility" and the loans under such Revolving Facility, the "Revolving Loans") in an amount equal to such Revolving Lender's pro rata share of an aggregate $**[850]**[4] million (the aggregate revolving commitments for all Revolving Lenders, as reduced from time to time in accordance with the terms hereof, the "Maximum Revolving Commitments"). In accordance with the Plan but subject to the required Excess Cash sweep on the Closing Date, the Revolving Facility shall be deemed fully-drawn on the Closing Date and be secured pari passu with the Term Facility on a "first out" basis.

(b) Term Facility.[5] A 45-month first lien "last out" term loan facility in an aggregate principal amount equal to $**[125,000,000]**[6] (the "Term Facility," the loans thereunder, the "Term Loans" and the Lenders thereunder, the "Term Lenders"). Pursuant to the Plan, (i) the Electing Lenders, as part of the treatment of their obligations under the Plan, shall become Term Lenders on the Plan Effective Date in respect of Term Loans deemed made by such Term Lenders on the Plan Effective Date as "take-back" paper (or similar) in an amount equal to such Term Lender's pro rata share of an aggregate $**[93.75]**[7] million and (ii) certain of the Consenting Senior Note Holders shall become Term Lenders upon their acquisition of $31.25 million in aggregate principal amount of Term Loans (initially deemed issued under the Term Facility) pursuant to the Backstop Commitment and upon the payment, in cash, of such amount to the Agent. The Term Facility shall be secured in a manner pari passu with the Revolving Facility on a "last out" basis.

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[4] Subject to (a) dollar-for-dollar reduction for the borrowing base value of any assets sold prior to the Plan Effective Date (other than the sale of any asset described in Annex B with an aggregate maximum borrowing base value of $15 million (excluding assets described in Annex B located in Glasscock County, Texas)) and (b) dollar-for-dollar reduction by an amount equal to the aggregate amount of Revolving Loans each Prepetition Lender that is not an Electing Lender would have received had such Prepetition Lender been an Electing Lender.

[5] Debtors shall obtain a single CUSIP for the Term Facility.

[6] Subject to a dollar-for-dollar reduction by an amount equal to the aggregate amount of Term Loans each Prepetition Lender that is not an Electing Lender would have received had such Prepetition Lender been an Electing Lender.

[7] As such amount is reduced as described in footnotes 2 and 6 above.

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	Without limiting the payment priority set forth in the mandatory and optional prepayment provisions below, all proceeds of Collateral after the occurrence and during the continuance of an Event of Default shall be allocated first, to pay all amounts outstanding under the Revolving Facility (including, without limitation, interest, principal, fees and cash-collateralization of Letters of Credit (as defined below)) and second, to pay amounts outstanding under the Term Facility. The Revolving Facility will include a subfacility for standby letters of credit (each, a "Letter of Credit") in the aggregate principal amount not to exceed the lesser of (x) the Maximum Revolving Commitments, (y) the then-effective Borrowing Base and (z) $5,000,000. For the avoidance of doubt, conditions to effectiveness of the Facilities ("Conditions to Effectiveness of Facilities") shall include the following: (x) the conditions under the headings "Conditions to Closing" and "Conditions to All Extensions of Credit" below; (y) entry of an order confirming the Plan (the "Confirmation Order"); and (z) the occurrence of the Plan Effective Date.
Amortization:	Commencing with the first full fiscal quarter following the Closing Date, the Term Loans shall be repaid in equal quarterly installments of 1% per annum of the original principal amount of the Term Loans on each December 31, March 31, June 30 and September 30, with the balance payable on the date which is 3 years and 9 months after the Closing Date. There shall be no amortization of Revolving Loans.
Borrowing Base and Borrowing Base Redetermination:	Availability under the Revolving Facility shall be subject to a borrowing base (the "Borrowing Base"), which shall be initially determined and periodically redetermined (each such redetermination a "Borrowing Base Redetermination") as set forth below and otherwise on terms not less restrictive on the Borrower and the other Loan Parties than the Prepetition Credit Agreement. On the Plan Effective Date, the initial Borrowing Base shall be deemed to equal **[$850,000,000]**[8]. Thereafter, a Borrowing Base Redetermination shall occur on the first anniversary of the Plan Effective Date (the "First Scheduled Redetermination Date"), and thereafter on each 6-month anniversary of the First Scheduled Redetermination Date. Interim Borrowing Base Redeterminations shall be implemented (a) upon the request of the Agent or the requisite Lenders (a "Lender Wild Card Redetermination"), or (b) after the First Scheduled Redetermination Date, upon the request of the Borrower; provided that (i) that there shall be no Lender Wild Card Redetermination prior to the First Scheduled Redetermination Date, (ii) there shall be no more than one Lender Wild Card Redetermination between each scheduled Borrowing Base Redetermination and (iii) there shall be no more than one interim Borrowing Base Redetermination made at the request of the Borrower

[8] As such amount is reduced as described in footnotes 2 and 4 above.

between each scheduled Borrowing Base Redetermination.

In the event the total outstanding balance of the Revolving Loans and other revolving credit exposure is greater than the then-effective Borrowing Base (such excess, a "Borrowing Base Deficiency"), the Borrower shall, within 15 days after notice from Agent of such Borrowing Base Deficiency, notify Agent of the Borrower's election to exercise one, or a combination of, the following options in order to cure such Borrowing Base Deficiency: (a) repay the Borrowing Base Deficiency (after giving effect to any action taken or proposed to be taken under clause (c) below) in a single lump sum for application to the Revolving Loans and other revolving credit exposure; (b) repay the Borrowing Base Deficiency (after giving effect to any action taken under clause (c) below) in six monthly installments equal to one-sixth of such Borrowing Base Deficiency with the first such installment due 30 days after notice from Agent of such Borrowing Base Deficiency and each following installment due 30 days after the preceding installment for application to the Revolving Loans and other revolving credit exposure; or (c) within 30 days after receipt of notice from Agent of such Borrowing Base Deficiency, provide additional collateral with a value and quality as the Agent deems appropriate in its sole discretion and in a manner consistent with its normal oil and gas lending criteria at the time of such determination, to increase the Borrowing Base so that there is no longer any Borrowing Base Deficiency.

Mandatory Borrowing Base Reductions:

(a) Prior to the First Scheduled Redetermination Date, any disposition of Oil and Gas Properties (including through casualty and condemnation) and the net effect of hedge modifications and early terminations shall result in an automatic reduction of the Borrowing Base in an amount equal to the aggregate Borrowing Base value attributed to such hedge agreements and Oil and Gas Properties, as the Agent deems appropriate in its sole discretion, in a manner consistent with its normal oil and gas lending criteria at the time of such determination, and based upon the engineered value attributed to such properties in the most recent reserve report, and a corresponding permanent reduction of the Maximum Revolving Commitments, and the Borrower shall be required to immediately prepay the Revolving Loans in the amount required by clause (a) of the section titled "*Mandatory Prepayments (Revolving Facility)*"; provided that in respect of swaps or exchanges of Oil and Gas Properties made by the Loan Parties in reliance on clause (b) of the section titled "*Negative Covenants*," (i) such swap or exchange shall not result in a permanent reduction to the Maximum Revolving Commitments to the extent of the Borrowing Base value attributed to Oil and Gas Properties received by the Loan Parties in connection with such swap or exchange, as the Agent deems appropriate in its sole discretion, in a manner consistent with its normal oil and gas lending criteria at the time of such determination, and based upon the engineered value attributed to such Oil and Gas Properties in the most recent reserve report and (ii) for avoidance of doubt, the provisions of the final paragraph of

the section titled "*Borrowing Base and Borrowing Base Redetermination*" shall apply to any mandatory Borrowing Base reduction resulting from such swap or exchange to the extent set forth in such paragraph.

(b) After the First Scheduled Redetermination Date, if the sum of (i) the aggregate Borrowing Base value of Oil and Gas Properties disposed of (including through casualty and condemnation) during any six-month period between scheduled Borrowing Base Redeterminations occurring after the First Scheduled Redetermination Date plus (ii) the net effect of hedge modifications and early terminations during such period, is greater than (x) prior to the repayment, in full, of the Term Loans, $20,000,000 and (y) after the repayment in full of the Term Loans, 5% of the then-effective Borrowing Base, then the Borrowing Base shall be automatically reduced by an amount equal to the aggregate Borrowing Base value attributed to all such hedge agreements and Oil and Gas Properties, as the Agent deems appropriate in its sole discretion, in a manner consistent with its normal oil and gas lending criteria at the time of such determination, and based upon the engineered value attributed to such properties in the most recent reserve report, and the Borrower shall be required to immediately prepay the Revolving Loans in the amount required by clause (a) of the section titled "*Mandatory Prepayments (Revolving Facility)*".

(c) Upon any incurrence of any Permitted Unsecured Debt (to be defined as agreed by the Borrower and the Agent) pursuant to clause (e) of the section titled "*Negative Covenants*" after the Plan Effective Date (other than Permitted Refinancing Debt (to be defined as agreed by the Borrower and the Agent) to the extent such Permitted Refinancing Debt refinances or replaces the Revolving Loans (with a corresponding permanent dollar-for-dollar reduction of the Maximum Revolving Commitments (unless such debt is incurred in reliance on the Incurrence-Based Basket (as defined below)), the Term Loans and/or any other third-party debt for borrowed money existing on the Plan Effective Date (including permitted refinancings thereof) the Borrowing Base shall automatically and immediately be decreased by an amount equal to 25% of the aggregate notional amount of such funded debt (without regard to any original issue discount) issued or incurred at such time.

"Oil and Gas Properties" shall mean (a) hydrocarbon interests; (b) the properties now or hereafter pooled or unitized with hydrocarbon Interests; (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including without limitation all units created under orders, regulations and rules of any governmental authority) which may affect all or any portion of the hydrocarbon interests; (d) all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the hydrocarbon interests or the lands pooled or unitized

	therewith, or the production, sale, purchase, exchange, treatment, processing, handling, storage, transporting or marketing of hydrocarbons from or attributable to such hydrocarbon interests or the lands pooled or unitized therewith; (e) all hydrocarbons in and under and which may be produced and saved or attributable to the hydrocarbon interests or the lands pooled or unitized therewith, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the hydrocarbon interests or the lands pooled or unitized therewith; (f) all tenements, hereditaments, appurtenances and properties in any manner appertaining, belonging, affixed or incidental to the hydrocarbon interests or the lands pooled or unitized therewith and (g) all properties, rights, titles, interests and estates, real or personal, now owned or hereafter acquired and situated upon, or used, held for use or useful in connection with the operating, working or development of any of such hydrocarbon interests or lands pooled or unitized therewith, or with the production, sale, purchase, exchange, treatment, processing, handling, storage, transporting or marketing of hydrocarbons from or attributable to such hydrocarbon interests or the lands pooled or unitized therewith, including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, pipelines, sales and flow lines, gathering lines and systems, field gathering systems, salt water disposal facilities, tanks and tank batteries, processing plants, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, facilities, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements, servitudes, licenses and other surface and subsurface rights together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing. Unless otherwise indicated herein, each reference to the term "Oil and Gas Properties" shall mean Oil and Gas Properties of the Loan Parties or their respective Subsidiaries.
Closing Date:	The Plan Effective Date (the "Closing Date").
Use of Proceeds:	The proceeds of Revolving Loans and other extensions of credit made (as opposed to Revolving Loans deemed made on the Plan Effective Date) from time to time under the Revolving Facility shall be used to fund ongoing working capital requirements and other general corporate purposes of the Borrower and its subsidiaries.
Financing Documentation:	The Facilities will be documented in customary exit financing documents, including without limitation, EEA Bail-In provisions, customary sanctions provisions and related definition updates, including policies and procedures in respect thereof, and as otherwise mutually agreed by the Agent and the Borrower, and as otherwise set forth in this Term Sheet), including loan agreements, guarantees, promissory notes, borrowing base certificates, compliance and other customary certificates, fee letter(s), and collateral documents required to grant and perfect the Agent's first priority security interest in the collateral, including without limitation, security agreements, pledge agreements, financing statements, mortgages, deposit account control agreements, security account control agreements, and intellectual

property security agreements each of which shall be consistent with the foregoing principles; provided that such documentation shall (a) contain terms and conditions set forth in this term sheet and such other changes as may be mutually agreed by the Borrower and the Agent and (b) give due regard to current market terms for restructured reserve based revolving credit facilities for borrowers emerging from bankruptcy (collectively, such documentation, the "Financing Documentation" and the principles described therein, the "Documentation Principles").

Collateral:

The Obligations will be secured by valid and perfected first-priority security interests in and liens on all of the following (collectively, the "Collateral"):

(a) 100% of the equity interests of all present and future subsidiaries of any Loan Party (other than equity interests of non-wholly owned subsidiaries to the extent a lien in favor of the Administrative Agent cannot be granted without the consent of one or more third parties (other than the Parent and its subsidiaries and their respective affiliates) of any Loan Party);

(b) substantially all of the tangible and intangible personal property and assets of the Loan Parties (including, without limitation, all equipment, inventory and other goods, accounts, licenses, contracts, intercompany loans, intellectual property and other general intangibles, deposit accounts, securities accounts and other investment property and cash); and

(c) Oil and Gas Properties representing not less than (i) 95% of the NYMEX Strip PV-9 of the total proved reserves of the Loan Parties included in the most recent reserve report and (ii) 95% of the total value of all other Oil and Gas Properties of the Loan Parties included in the most recent reserve report, in each case, subject to customary exceptions to be agreed, which are consistent with the Documentation Principles.

All such security interests in personal property and all liens on Oil and Gas Properties and other real property will be created pursuant to the Financing Documentation and otherwise subject to the Documentation Principles.

Interest Rates:

At the Borrower's option, the Revolving Loans and the Term Loans (collectively, the "Loans") (other than Swingline Loans) will bear interest based on the Base Rate or LIBOR, plus the applicable Interest Margin (as defined below). Swingline Loans will bear interest at the Base Rate plus the applicable Interest Margin.

The interest margin ("Interest Margin") shall be based upon utilization of the Borrowing Base (expressed as a percentage of outstanding loans and Letters of Credit under the Revolving Facility divided by the Borrowing Base) an Interest Margin according to the following grid:

(a) in the case of the Revolving Facility, based upon utilization of the Borrowing Base (expressed as a percentage of outstanding Revolving Loans and Letters of Credit under the Revolving Facility divided by the Borrowing Base) an Interest Margin according to the following grid:

Utilization	**LIBOR+**	**Base Rate+**
< 25%	275 bps	175 bps
≥ 25%; < 50.0%	300 bps	200 bps
≥ 50.0%; < 75.0%	325 bps	225 bps
≥ 75.0%; < 90.0%	350 bps	250 bps
≥ 90.0%	375 bps	275 bps

(b) and in the case of the Term Facility, an Interest Margin of 750 bps, for LIBOR borrowings, and 650 bps, for Base Rate borrowings;

provided that, as it applies to the Term Loans, in no event shall LIBOR be less than 1.00%.

Fees:

(a) Unused Line Fee. The Borrower shall pay to the Agent, for the account of the Revolving Lenders, an unused line fee (the "Unused Line Fee") in an amount per annum equal to 50 bps on the average daily unused portion of the Maximum Revolving Commitments, payable quarterly in arrears. All accrued Unused Line Fees will be fully earned and due and payable quarterly in arrears for the account of the Lenders (other than Defaulting Lenders) under the Revolving Facility and will accrue from and after the Closing Date.

(b) Upfront Fees. The Borrower shall pay to Citibank, for the pro rata account of each of the Lenders (including each Consenting Senior Note Holder that becomes a Lender pursuant to the Backstop Commitment and otherwise in accordance with the terms of the Financing Documentation), upfront fees in an aggregate amount equal to 50 bps of the aggregate amount of the Facilities, which shall be fully earned and will be due and payable in full in cash on the Closing Date.

(c) Letter of Credit Fees. The Borrower shall pay to the Agent for the account of the Revolving Lenders a Letter of Credit fee (due quarterly) equal to the product of the LIBOR Margin and the undrawn amount of each Letter of Credit. In addition, Borrower shall pay to the Agent for the account of any Issuing Bank a fronting fee equal to the product of 0.375% and the undrawn amount of each Letter of Credit.

(d) Other Fees. Such other fees set forth in any fee letter (or similar)

between the Agent and/or Lead Arranger and the Borrower.

Maturity Date:

(a) Revolving Facility. The final maturity of the Revolving Facility will occur on the 42-month anniversary of the Closing Date.

(b) Term Facility. The final maturity of the Term Facility will occur on the 45-month anniversary of the Closing Date.

Mandatory Prepayments (Revolving Facility):

(a) Borrowing Base Redeterminations/Reductions. The Borrower shall prepay (and/or cash-collateralize Letters of Credit) Revolving Loans and other revolving credit exposure under the Revolving Facility in the amount of any Borrowing Base Deficiency arising or resulting from the circumstances described under the sections titled "*Borrowing Base and Borrowing Base Redetermination*" and "*Mandatory Borrowing Base Reductions*" above as set forth in such sections.

(b) Anti-Hoarding. If on any business day any Revolving Loans are outstanding and/or there exists any other revolving credit exposure (other than undrawn Letters of Credit) and, at such time, the Loan Parties have Excess Cash, then the Borrower shall, within 1 business day, prepay such Revolving Loans (and cash-collateralize Letters of Credit) in an amount equal to such Excess Cash. As used herein, "Excess Cash" means the amount of unrestricted cash and cash equivalents of Parent and the other Loan Parties in excess of $35,000,000 in the aggregate minus the sum of, without duplication, (i) as of any date of determination, amounts on deposit or held in any Excluded Account, (ii) as of any date of determination, amounts designated to be paid as a purchase price under a binding acquisition agreement (solely in respect of acquisitions otherwise permitted under the Financing Documentation) within 30 days of such date and (iii) as of any date of determination, the good faith estimate of any then-issued checks or then-initiated wires or ACH transfers.

As used herein, "Excluded Accounts" means with respect to the Borrower or any Subsidiary, each deposit account that is not required to be subject to an account control agreement, to the extent such deposit account is solely (a) a payroll account containing a balance not exceeding the amount of payroll expenses for one payroll period at any time, (b) a tax withholding account, (c) zero balance accounts (other than lockbox accounts, to the extent account control agreements are permitted by the applicable depository bank), (d) a petty cash account containing a balance not exceeding $50,000 per account at any time and not to exceed $250,000 for all such petty cash accounts in the aggregate or (e) a trust account holding royalty payment and working interest payments solely to the extent constituting property of a third party held in trust.

(c) All such mandatory prepayments will be applied to prepay outstanding Revolving Loans (without a permanent reduction to the Maximum Revolving Commitments (except as required in connection with any Borrowing Base Reduction described in clause (a) of the section titled "*Mandatory Borrowing Base Reductions*")) and, in the case of clauses (a) and (b) of this section, to the extent required by the Financing Documentation, to cash-collateralize Letters of Credit outstanding under the Revolving Facility.

Mandatory Prepayments (Term Loan Facility):	After indefeasible payment or satisfaction in full, in cash, of the Revolving Loans and other obligations outstanding under the Revolving Facility and cash collateralization (or other arrangement satisfactory to the applicable Issuing Bank) of Letters of Credit outstanding under the Revolving Facility, the Term Loans under the Term Facility shall be prepaid, without premium or penalty (except LIBOR breakage costs) with the proceeds of asset sales, casualty events and indebtedness that is not otherwise permitted under the Financing Documentation, pursuant to terms and provisions that are customary for Term Loans of the type contemplated herein, subject to the Documentation Principles.
Optional Prepayments and Commitment Reductions (Revolving Facility):	Loans under the Revolving Facility may be prepaid at any time, in whole or in part, at the option of the Borrower, upon notice to the Agent and in minimum principal amounts and in multiples to be agreed upon with the Agent, without premium or penalty (except LIBOR breakage costs). Any optional prepayment of the Revolving Facility will be applied to prepay outstanding loans and cash-collateralize Letters of Credit outstanding under the Revolving Facility (except as otherwise set forth herein, without a permanent reduction in Maximum Revolving Commitments unless so elected by the Loan Parties or unless otherwise required by clause (e) of the section titled "*Negative Covenants*"). The unutilized portion of the Maximum Revolving Commitments may be terminated, in whole or in part, at the option of the Borrower, upon notice to the Agent and in minimum principal amounts and in multiples to be agreed upon with the Agent.
Optional Prepayments (Term Facility):	The Term Loans may be prepaid, in whole or in part, at the option of the Borrower, upon notice and in minimum principal amounts and in multiples to be agreed upon, without premium or penalty (except LIBOR breakage costs), to the extent such prepayments are permitted by the Financing Documentation; provided that prior to the first anniversary of the Closing Date optional prepayments shall be required to be accompanied by the payment of a premium equal to 1.00% of the principal prepaid on such date.
Conditions to Closing:	In addition to the conditions set forth in the section titled "*Conditions to All Extensions of Credit*", the closing of the Facilities will be subject to satisfaction of typical and customary conditions precedent, including but not limited to the following:

1. the Plan, the Confirmation Order, and any related order of the Bankruptcy Court shall be in form and substance reasonably satisfactory to the Agent, including approval of the Facilities and releases and exculpations;

2. the Confirmation Order shall be in full force and effect and shall not have been stayed, reversed, vacated or otherwise modified in a manner materially adverse to interests of the Agent and the Revolving Lenders or otherwise contrary to this Term Sheet or the Definitive Documentation;

3. the Plan Support Agreement shall be in full force and effect and any Order approving same shall not have been stayed, reversed, vacated or otherwise modified in a manner materially adverse to interests of the Agent and the Revolving Lenders or otherwise contrary to this Term Sheet or the Definitive Documentation and all conditions to effectiveness of the Definitive Documentation shall have occurred or been waived by the respective parties thereto having the authority to waive such conditions;

4. the Plan Effective Date shall have occurred, all conditions precedent to the effectiveness of the Plan shall have been fulfilled or waived as permitted therein, including, without limitation, all transactions contemplated in the Plan or in the Confirmation Order to occur on the Plan Effective Date shall have been substantially consummated in accordance with the terms thereof and in compliance with applicable law, Bankruptcy Court and regulatory approvals;

5. the Agent shall have received satisfactory evidence as to the payment in full on the Plan Effective Date of all material administrative expense claims, priority claims and other claims required to be paid upon the Plan Effective Date;

6. there shall have been no material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Loan Parties taken as a whole (other than as a result of the events leading up to, directly arising from or direct effects of the commencement or continuance of the bankruptcy proceedings) from the date of the execution and delivery by the Lenders of the Plan Support Agreement through the Closing Date;

7. (a) execution and delivery of the Financing Documentation, and (b) the Agent, the Term Lenders and Revolving Lenders will have received (i) customary legal opinions as to the Loan Parties and the Financing Documentation (including, without limitation, customary opinions of local counsel), (ii) customary evidence of authority and incumbency, customary officers' certificates, good standing certificates, in each case with respect to the Borrower and the Guarantors, and a solvency certificate for the Borrower and its subsidiaries on a consolidated basis after giving effect to the transactions contemplated by this Term Sheet and the Plan on the

Closing Date and (iii) flood hazard diligence and documentation as required by the federal Flood Disaster Protection Act of 1973 or otherwise in a manner satisfactory to the Lenders;

8. all documents and filings required to perfect or evidence the Agent's first priority security interest in and liens on the Collateral (including, without limitation, all certificates evidencing pledged capital stock or membership or partnership interests, as applicable, with accompanying executed stock powers, all UCC financing statements to be filed in the applicable government UCC filing offices, all intellectual property security agreements to be filed with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, all deposit account and securities account control agreements and all mortgages, deeds of trust and real property filings) shall have been executed and/or delivered and, to the extent applicable, be in proper form for filing;

9. the claims of the Debtors arising under the Prepetition Facility, including, without limitation, the Obligations (as defined in the Prepetition Credit Agreement) (the "Prepetition Obligations") shall receive the treatment outlined in this Term Sheet, the Plan Support Agreement, and the Plan, the Prepetition Facility shall have been amended and restated pursuant to the Plan, and the DIP Facility shall have each been repaid in full (or, in the case of outstanding letters of credit, rolled into the Revolving Facility on terms and conditions satisfactory to the applicable issuing banks under the Revolving Facility and the Agent) and the commitments thereunder terminated, and all security interests related thereto shall have been terminated substantially concurrently with the Closing Date;

10. the Agent shall have received an ACORD evidence of insurance certificate evidencing coverage of the Loan Parties and their respective subsidiaries and naming the Agent in such capacity for the Lenders as additional insured on all liability policies and loss payee on all property insurance policies;

11. all required governmental and third party consents and approvals shall have been obtained and shall be in full force and effect;

12. all fees and, to the extent invoked at least 1 business day prior to the Closing Date, out-of-pocket expenses required to be paid on the Closing Date under the Plan in connection with the Facilities, including the reasonable fees and expenses of counsel and financial advisors to the Agent, shall have been paid in full in cash;

13. the Borrower and the other Loan Parties (other than the Parent) shall demonstrate Liquidity of not less than $100,000,000 on the Closing Date, after giving effect to the transactions contemplated hereby and under the Plan;

14. the Prepetition RBL Lenders shall have received all net cash proceeds in an amount not less than **[$75]** million upon the consummation of the transactions concerning the sale of all of the Debtors' right, title, and interest in, and to, certain oil and gas properties in Glasscock County, Texas;

15. Debtors shall have paid to the Prepetition RBL Lenders all other payments as provided for in the Plan Support Agreement and the Plan, which amounts shall be applied to the repayment of the Prepetition Obligations in accordance with the Plan;

16. the Debtors shall have received net cash proceeds from the consummation of the **[Rights Offering]** and the **[Equity Investment]** in an aggregate amount not less than $275 million;

17. certain of the Consenting Senior Note Holders shall have paid, in cash, to the Agent, for application in accordance with the Plan, $31.25 million pursuant to the Backstop Commitment;

18. the Agent shall be in receipt of one or more intercreditor agreements, which shall, subject to the Documentation Principles, contain terms and provisions satisfactory to the Agent in its sole discretion, duly executed and delivered by the Loan Parties, the Second Lien Noteholders (or the indenture trustee for such Second Lien Noteholders), the Term Lenders, the holders of the Alternative Term Loans (or their agent) and the Agent;

19. after giving effect to the transactions contemplated hereby and under the Plan on the Closing Date, the Borrower and the other Loan Parties shall not have any Excess Cash, or shall prepay the Revolving Loans on the Closing Date such that, after giving effect to such prepayment, the Borrower and the other Loan Parties do not have any Excess Cash;

20. the Borrower will have entered into new hedging agreements for no less than 80% of forecasted PDP through Cal' 18, new hedging agreements for no less than 60% of forecasted PDP through Cal' 19 and new hedging agreements for no less than 40% of forecasted PDP through Cal' 20 (collectively, the "Minimum Hedging Requirements"); All such hedge agreements must be secured by the liens granted pursuant to the Financing Documentation and entered into with Lenders (or their affiliates);[9] and .

21. the Agent shall have received a reserve report, dated as of March 31, 2017, prepared by a third party petroleum engineers satisfactory to the Agent, which report shall use economic parameters (including but not limited to, hydrocarbon prices, escalation rates, discount rate assumptions, and other economic assumptions) acceptable to Agent;

[9] To the extent not in place on the Effective Date the Minimum Hedging Requirements shall be a 45-day post-closing covenant.

and[10]

22. the Agent shall have received an updated business plan for the Borrower and its subsidiaries after giving effect to the transactions contemplated hereby and under the Plan on the Closing Date.

Conditions to All Extensions of Credit:	Each extension of credit under the Facilities will be subject to satisfaction of the following: (a) all of the representations, warranties, and covenants in the Financing Documentation shall be true and correct in all material respects (or if qualified by materiality or material adverse effect, in all respects) as of the date of such extension of credit, or if such representation speaks as of an earlier date, as of such earlier date; (b) no default or event of default under the Facilities shall have occurred and be continuing or would result from such extension of credit; (c) delivery of a customary borrowing notice; and (d) the Loan Parties shall be in compliance with the anti-hoarding requirements, before and after giving effect to such extension of credit.
Cash Management:	The Loan Parties and their subsidiaries shall maintain their cash management system as it existed prior to the Closing Date, with such changes as may be mutually agreed by the Agent and the Borrower. Notwithstanding anything to the contrary contained herein, in no event shall any Loan Party be required to make subject to an account control agreement any account with an average balance of less than $1 million; provided, however, that the average balance of all accounts so excluded shall not exceed $5 million in the aggregate at any time (all accounts other than (a) Excluded Accounts (as defined below) and (b) accounts not subject to account control agreements pursuant to this sentence, collectively, "Controlled Accounts"). Each Controlled Account shall be subject to a control agreement, in form and substance satisfactory to the Agent, which agreement shall transfer control of such account to the Agent upon delivery of notice by the Agent to the financial institution maintaining such account.
Representations and Warranties:	Subject to the Documentation Principles, the Financing Documentation will contain representations and warranties subject to exceptions are customary for transactions of this type as mutually agreed (which will be applicable to the Loan Parties and their subsidiaries).
Affirmative Covenants:	Subject to the Documentation Principles, the Financing Documentation will contain affirmative covenants subject to limitations and modifications as are customary for transactions of this type as mutually agreed (which will be applicable to the Loan Parties and their subsidiaries).

[10] The Borrower shall undertake the necessary steps to receive the reserve report as soon as reasonably practicable on or before the Plan Effective Date; provided that, to the extent such report is not available on the Plan Effective Date and the Borrower provides evidence of Borrower's engagement of a third-party petroleum engineer satisfactory to the Agent for the purpose of preparing such reserve report by Friday, June 2, 2017, the reserve report condition precedent shall be a 60-day post-closing covenant.

On or before April 1 and October 1 of each year, commencing April 1, 2018, the Borrower shall furnish to the Administrative Agent and the Lenders a reserve report evaluating the proved Oil and Gas Properties of the Loan Parties as of the immediately preceding January 1 and July 1. The reserve report as of January 1 of each year shall be prepared by one or more approved petroleum engineers. The July 1 reserve report of each year shall be prepared by or under the supervision of the chief engineer of the Borrower and such reserve report shall be accompanied by customary certifications of such chief engineer and a responsible officer of the Borrower.

Negative Covenants: The Financing Documentation will contain negative covenants subject to limitations and modifications as are customary for transactions of this type as mutually agreed (which will be applicable to the Loan Parties and their subsidiaries):

(a) limitation on liens;

(b) limitation on disposition of assets other than (i) the disposition by way of an exchange of any Oil and Gas Properties that are exchanges solely of acreage in an aggregate of 5,000 acres or less for other Oil and Gas Properties that are acreage only, in each case in a single transaction or series of related transactions; provided that such exchange of acreage is

(A) for Oil and Gas Property located in the United States,

(B) does not include proved reserves,

(C) qualifies for non-recognition of gain or loss under the provisions of Section 1031 of the Internal Revenue Code, and

(D) the consideration comprised of property or property and cash received in respect of such disposition by way of exchange shall be equal to or greater than the fair market value of the property subject of such disposition (as determined in good faith by a financial officer of the Borrower);

and (ii) the disposition by way of exchange of any Oil and Gas Property with proved reserves; provided that, in addition to the foregoing requirements in clauses (A), (C) and (D) above, such disposition by way of exchange

(x) shall be subject to compliance with the terms and provisions in the section titled “Mandatory Borrowing Base Reductions” and

(y) pro forma Revolving Facility availability giving effect to such disposition of at least 15% of the then-effective Borrowing Base.

(c) limitation on consolidations and mergers;

(d) limitation on loans and investments other than in respect of:

(i) investments in general or limited partnerships or other types of entities (each a " venture ") entered into by the Loan Parties with non-affiliated persons in the ordinary course of business; provided that (i) any such venture is engaged exclusively in oil and gas exploration, development, production, processing and related activities, including transportation, treatment and storage (ii) the interest in such venture is on fair and reasonable terms and (iii) such venture interests acquired and capital contributions made (valued as of the date such interest was acquired or the contribution made) do not exceed, in the aggregate at any time outstanding, an amount equal to $25,000,000 (which amount shall be calculated giving effect to any amounts received in return for such investment, including the amount of capital returned, distributions paid or principal repaid); and

(ii) investments made in connection with Permitted Acquisitions (as defined below); provided that

(A) the Borrower promptly complies with the applicable guarantee and collateral requirements in the Financing Documentation in connection with such acquisition;

(B) no default or event of default exists before or after giving effect to such acquisition;

(C) pro forma Total Net Leverage Ratio (as defined below) is less than 4.25-to 1.00;

(D) pro forma Revolving Facility availability of at least 15%;

(E) prior to, or concurrently with the consummation of such acquisition, the Term Loans (including permitted refinancings thereof) shall be repaid in full; and

(F) the Agent shall have received a certificate as to compliance with such conditions (including calculations therefor);

(iii) other investments in respect of Permitted Acquisitions so long as the aggregate investments made by the Loan Parties in connection with such Permitted Acquisitions does not exceed $25,000,000 (excluding any portion of

such Permitted Acquisitions paid in the form of, or with the proceeds of, any equity issuance by the Parent of any common equity in respect thereof); provided, further, that, in connection with any such Permitted Acquisition, the Borrower promptly complies with the applicable guarantee and collateral requirements in the Financing Documentation, no default or event of default exists before or after giving effect to such Permitted Acquisition and the Agent shall have received a certificate as to compliance with such conditions;

"Permitted Acquisition" means any acquisition that meets all of the following requirements:

(a) no less than five (5) Business Days prior to the proposed closing date of such acquisition (or such shorter period of time as the Agent may agree to in its sole discretion), the Borrower shall have delivered written notice of such acquisition to the Agent, which notice shall include the proposed closing date of such acquisition;

(b) such acquisition shall not be a 'hostile' acquisition;

(c) the person or business to be acquired shall be in a line of business permitted pursuant to the negative covenant referred to in clause (l) of this section;

(d) if such acquisition is a merger or consolidation, the Borrower or a Guarantor shall be the surviving person and no Change in Control (to be defined as agreed by the Borrower and the Agent) shall result therefrom;

(e) no later than five (5) Business Days prior to the proposed closing date of such acquisition (or such shorter period of time as the Agent may agree in its sole discretion), the Borrower shall have delivered to the Agent an Officer's Compliance Certificate for the most recent fiscal quarter end preceding such acquisition for which financial statements are available demonstrating, in form and substance reasonably satisfactory to the Agent, (i) that the Borrower is in compliance on a pro forma basis calculated in a manner acceptable to the Agent (as of the date of the acquisition and after giving effect thereto and to any indebtedness assumed in connection therewith) with each financial covenant, (ii) that no default or event of default is continuing or will exist after giving effect to such acquisition, (iii) in respect of Permitted Acquisitions pursuant to clause (d)(ii) of the section titled "*Negative Covenants*" above, that the Total Net Leverage Ratio calculated on a pro forma basis calculated in a manner acceptable to the Agent (as of the proposed closing date of the acquisition and after giving effect thereto and to any indebtedness assumed in connection therewith) shall be less than 4.25:1.00 and (iv) in respect of Permitted Acquisitions pursuant to clause (d)(ii) of the section titled "*Negative Covenants*" above, that Revolving Facility availability, on a pro forma basis, is at least 15%; and

(f) no later than one (1) business day (or three (3) business days (or such shorter period as the Agent may agree to in its sole discretion) if any proceeds of any advance are to be applied to fund such Acquisition, in whole or in part) prior to the proposed closing date of such acquisition the Borrower, to the extent requested by the Agent, shall have delivered to the Agent copies of substantially final Permitted Acquisition Documents (to be defined as agreed by the Borrower and the Agent).

(e) limitations on indebtedness including, without limitation, a prohibition on the incurrence of third party indebtedness for borrowed money other than

(i) Permitted Unsecured Debt (to be defined as agreed by the Borrower and the Agent) that is Permitted Refinancing Debt (to be defined as agreed by the Borrower and the Agent) to the extent used to repay the Revolving Loans (with a corresponding dollar-for-dollar permanent reduction of the Maximum Revolving Commitments), the Term Loans and/or any other third party indebtedness for borrowed money existing on the Plan Effective Date (including permitted refinancings thereof)) and

(ii) Permitted Unsecured Debt (to be defined as agreed by the Borrower and the Agent) so long as (the Incurrence-Based Basket"):

(A) the pro forma Total Net Leverage Ratio is less than 4.25:1.00,

(B) no default or event of default exists before or after giving effect to such incurrence; and

(C) other than in connection with any Permitted Unsecured Debt constituting Permitted Refinancing Debt the net proceeds of which are used to repay the Revolving Loans prior to, or concurrently with such incurrence, the Term Loans (including permitted refinancings thereof) shall be repaid in full;

(iii) limitation on transactions with affiliates;

(iv) limitations on margin stock;

(v) limitations on contingent obligations;

(vi) limitations on restricted debt payments (excluding scheduled amortization on the Term Loans but including restrictions on repurchases, redemptions, prepayments, repayments defeasances and other acquisitions or retirements for value in respect of the

Second Lien Notes, the Term Loans and the Alternative Term Loans and, in each case, permitted refinancings thereof); provided that restricted debt payments shall be permitted:

(I) (x) in respect of the Term Loans and (y) after the repayment, in full, of the Term Loans (or any permitted refinancing thereof), in respect of the Second Lien Notes, in each case, with the net proceeds of certain equity issuances by the Parent and/or exchanges of equity of the Parent on terms to be agreed in the Financing Documentation;

(II) in respect of the Second Lien Notes and the Term Loans, with the net proceeds of permitted refinancing debt on terms to be agreed in the Financing Documentation; and

(III) in respect of the Second Lien Notes (to the extent amounts to be used for such payment are not otherwise required to be applied to the Revolving Loans (or other revolving credit exposure), including as a result of any Borrowing Base Deficiency or reduction of the Borrowing Base) and/or the Term Loans pursuant to the terms of the Financing Documentation) so long as

(i) no default or event of default exists before or after giving effect thereto;

(ii) pro forma Total Net Leverage Ratio (to be defined) is less than 3.50 to 1.00;

(iii) pro forma Revolving Facility availability of at least 15%;

(iv) prior to, or concurrently with such payment, the Term Loans (including permitted refinancings thereof) shall be repaid in full; and

(v) the Agent shall have received a certificate as to compliance with such conditions (including calculations therefor);

(vii) limitations on restricted payments (including dividends, distributions, redemptions and repurchases of equity); provided that restricted payments shall be permitted after the First Scheduled Redetermination Date so long as (i) no default or event of default exists before or after giving effect thereto, (ii) the pro forma Total Net Leverage Ratio (to be defined) is less than 2.50 to 1.00, (iii) pro forma Revolving Facility availability of at least 15%, (iv) prior to, or concurrently therewith, subject to the other provisions in this Term Sheet, the Term Loans (including permitted refinancings thereof) shall be repaid in full and (v) the Agent shall have received a certificate as to compliance with such conditions

(including calculations therefor);

(viii) limitations on derivative contracts (as set forth in greater detail below);

(ix) limitations on change in business nature, amendments to organization documents, documents governing material indebtedness and corporate structure;

(x) limitations on accounting changes;

(xi) ERISA compliance; and

(xii) limitations on restrictions affecting the ability of subsidiaries to guarantee the loans, grant liens securing the loans or make distributions to the Borrower.

"Total Net Leverage Ratio" means the ratio of (x) consolidated third-party indebtedness for borrowed money (including, without limitation, the Revolving Loans, the Term Loans, the Alternative Term Loans and the Second Lien Notes), purchase money indebtedness and capitalized lease obligations, in each case, of the Borrower and its subsidiaries, net of cash and cash equivalents of the Loan Parties subject to a first-priority perfected security interest in favor of the Agent to (y) EBITDA for the immediately preceding twelve months ending as of the most recently ended fiscal quarter for which financial statements have been delivered to the Lenders.

Financial Covenants: Limited to the following financial covenants:

(a) First Lien Net Leverage Ratio. As of the last day of each fiscal quarter of the Borrower, commencing with the third full fiscal quarter after the Closing Date, the ratio of (x) First Lien Indebtedness (as defined below) and net of cash and cash equivalents of the Loan Parties subject to a first-priority perfected security interest in favor of the Agent to (y) EBITDA for the immediately preceding twelve months then ending (the "First Lien Net Leverage Ratio") shall not exceed

Fiscal Quarters Ending	First Lien Net Leverage Ratio
[Last Day of the Third Full Fiscal Quarter After the Closing Date] through June 30, 2020	4.00:1.00
Thereafter	3.75:1.00

"First Lien Indebtedness" means consolidated third-party indebtedness for borrowed money (including, without limitation, the Revolving Loans, the Term Loans and the Alternative Term Loans), purchase money indebtedness and capitalized lease obligations, in each case, of the Borrower and its subsidiaries, which indebtedness is secured on a first-priority basis.

(b) Consolidated Current Ratio. As of the last day of each fiscal quarter of the Borrower, commencing with the first full fiscal quarter ending after the Closing Date, the Borrower will not permit the ratio of (i) consolidated current assets (including the Available Funds (as defined below), but excluding non-cash assets under ASC 815) to (ii) consolidated current liabilities (excluding non-cash obligations under ASC 815 and current maturities under this Agreement) to be less than 1.0 to 1.0. This ratio shall be computed for the Parent, the Borrower and the Subsidiaries on a consolidated basis.

(c) Asset Coverage Ratio. The Borrower will not permit the Asset Coverage Ratio to be less than 1.25:1.00, tested as of each January 1 and July 1 occurring prior to the First Scheduled Redetermination Date.

"Asset Coverage Ratio" shall mean the ratio of (a) the PV-9 (based on Strip Pricing) of the total proved reserves (provided that the "proved developed non-producing" reserves and "proved undeveloped" reserves included in such calculation shall not exceed 40% of the "total proved" reserves) of the Loan Parties attributable to properties in the Borrowing Base (it being understood that, solely for the purposes of calculating the Asset Coverage Ratio, reimbursable COPAS expenses may, without duplication, be added to such PV-9 value of the total proved reserves) plus net mark-to-market value of the Derivatives Contracts to (b) First Lien Indebtedness.

"Strip Pricing" means the average closing price over the preceding ninety (90) days prior to the date of the applicable reserve report, (a) for the remainder of the then-current calendar year, the average NYMEX Pricing for the remaining months in such calendar year, (b) for each of the succeeding four (4) complete calendar years, the average NYMEX Pricing for the twelve months in each such calendar year, and (c) for the succeeding fifth complete calendar year and each calendar year thereafter, the average NYMEX Pricing for the twelve months in such fifth calendar year.

"EBITDA" shall be defined in a manner substantially consistent with the definition thereof in the Prepetition Credit Agreement.

"Available Funds" means, at the time of determination, the amount by which (a) the lesser of (i) the amount of the Borrowing Base as then in effect at such time and (ii) the amount of the aggregate Revolving Commitments at such time, exceeds (b) the total revolving credit exposure for all Lenders at such time.

Hedging Requirements: All hedging agreements shall be entered into, on a secured basis, with a Lender (or an affiliate thereof), as the hedging counterparty, or on an unsecured basis with counterparties reasonably acceptable to the Administrative Agent; provided that no Borrowing Base value shall be given to any such unsecured hedging agreements.

	Minimum Hedging. The Borrower shall at all times maintain hedging agreements in accordance with the Minimum Hedging Requirements. Maximum Hedging. The Borrower may enter into hedging agreements with Lenders (or any of their respective affiliates) to limit or reduce market price risk, subject to customary adjustments for asset sales and early termination options acceptable to hedge providers; provided that no such hedging agreement, at the time it is entered into, when aggregated with all permitted hedging agreements shall exceed the greater of (i) 85% of the projected production for the next five year period and (ii) 100% of PDP in year 1, 100% of PDP in years 2 through 3, 90% of PDP in years 3 through 4, 90% of PDP in years 4 through 5 and 85% of PDP thereafter, in each case, as determined by reference to the most recent reserve report.
Events of Default:	Subject to the Documentation Principles, substantially similar to the events of default in the Prepetition Credit Agreement, except as mutually agreed with the Agent and as otherwise set forth in this Term Sheet, each subject to limitations and modifications as are customary for transactions of this type as mutually agreed (which will be applicable to the Loan Parties and their subsidiaries).
Amendments and Waivers:	Amendments and waivers of the Financing Documentation will require the approval of the Revolving Lenders holding more than 50% of the Aggregate Revolving Commitments, except that the consent of (a) each Revolving Lender shall be required in connection with (i) any increase of the Borrowing Base and (ii) changing any provision specifying the number or percentage of Revolving Lenders required to amend or waive any Financing Documentation (other than a provision amendments or waivers with respect to the matters set forth in clauses (c) and (d) below which shall require the consent of each Lender, (b) Revolving Lenders holding more than 66-2/3% of the Aggregate Revolving Commitments shall be required to decrease or maintain the Borrowing Base, (c) each Lender shall be required in connection with (i) changing any provision specifying the number or percentage of Lenders required to amend or waive any Financing Documentation in respect of the matters described in this clause (c) and clause (d) below and (iii) releasing any guarantor (except in connection with a permitted transaction) or all or substantially all of the Collateral, and (d) each affected Lender shall be required in connection with (i) any increase or extension of its commitment, (ii) the postponement of any scheduled date for payment of principal, interest, fees or other amount payable to such Lender, (iii) any reduction in the principal amount of any loan, interest rate, fee or other amount payable to such Lender and (iv) altering the pro rata sharing of payments. For clarification purposes, each Consenting Senior Note Holder that purchases a portion of the Term Loans as set forth herein shall be entitled to vote their pro rata portion of the Term Loans as described above, notwithstanding such Term Lenders' status as an affiliate of the Parent and its subsidiaries.
Expenses and Indemnification:	Subject to the Documentation Principles, customary for facilities of this type.
Submission to Jurisdiction	

Governing Law and Forum: New York.

ANNEX A

GUARANTORS

Guarantor	**Jurisdiction of Organization**
[●]	

ANNEX B

REDACTED

Exhibit L

Description of New Management Incentive Plan

Description of New Management Incentive Plan (MIP)

MIP Pool: The MIP will provide for the distribution of up to 10% of the New Common Stock[1] (the "MIP Pool"), determined on a fully diluted basis as of the Effective Date, after giving effect to the issuance of the New Common Stock issuable in connection with the Rights Offering, the Second Lien Investment, and the Backstop Premium, and to the Holders of VNR Preferred Units, but subject to dilution by any New Common Stock issuable upon exercise of the New Warrants.

Emergence Grants: The board of directors of Reorganized VNR Finance on and after the Effective Date (the "New Board"), in its sole discretion, will allocate up to 60% of the MIP Pool within 120 days following the Effective Date of the Plan (the "Emergence Grants"). The terms of the Emergence Grants, including the allocation to each participant, the types of awards and the applicable vesting terms shall be determined by the New Board in its sole discretion.

Future MIP Grants: Following the Effective Date of the Plan, the Remaining MIP Pool (as defined below) will be granted to participants in the MIP at the discretion of the New Board and on terms to be determined by the New Board (including with respect to allocation, timing and structure of such issuance and the New Management Incentive Plan). As used herein, the term "Remaining MIP Pool" means the portion of the MIP Pool that has not been previously granted, plus all MIP awards previously granted and forfeited prior to vesting.

Participants in MIP:
Executive Management and Senior Management Personnel/Key Technical Staff
Total Number of Participants: 56

[1] Capitalized terms used but not otherwise defined in this Exhibit L have the meanings ascribed to such terms in the *Amended Plan of Reorganization of Vanguard Natural Resources, LLC,* et al*., Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan"), filed contemporaneously with this exhibit.