



ENTERED
01/09/2018

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	
	§	
OFFSHORE SPECIALTY	§	Case No. 17-35623
FABRICATORS, LLC,	§	
	§	(Chapter 11)
DEBTOR.	§	

AGREED FINAL ORDER GRANTING EMERGENCY MOTION FOR ENTRY OF ORDER (I) AUTHORIZING DEBTOR TO OBTAIN FINANCING PURSUANT TO 11 U.S.C. §§ 105, 362, 364(c) AND 364(e); (II) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULES 2002 AND 4001; AND (III) GRANTING RELATED RELIEF

This matter came before this Court on the motion (the "Motion") of Offshore Specialty Fabricators, LLC, the above-captioned debtor (the "Debtor"), pursuant to §§ 105, 362, 364(c), 364(d) and 364(e) of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Local Bankruptcy Rule 4001-1(b), seeking entry of a final order (the "Final Order"): (i) authorizing the Debtor to (a) obtain secured post-petition financing (the "DIP Facility"), and incur obligations (the "DIP Obligations"), pursuant to the terms of the Post-Petition Superpriority Loan Agreement, among Debtor, as borrower (in the capacity as a borrower, the "Borrower"), Offshore Express, LLC, as guarantor (the "Guarantor"), and Schumann/Steier Holdings, LLC, as lender (the "DIP Lender"), a copy of which in substantially final form is attached hereto as Exhibit A (the "DIP Loan Agreement"), together with all agreements, documents, certificates and instruments delivered or executed from time to time in connection therewith; and (ii) granting related relief. Unless otherwise indicated, all capitalized terms used as defined terms herein have the meanings ascribed thereto in Exhibit A attached hereto and by this reference are made a part hereof.

This Final Order shall take effect and be fully enforceable as of the entry of this Final Order, and shall constitute: (1) findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052; and (2) an adoption and ratification of this Court's prior: (i) *Order Approving Interim DIP Loan* [Dkt. No. 65] (the "First Interim Order"); (ii) *Agreed Order Granting Emergency Motion for Entry of Interim Order (I) Authorizing the Debtor to (A) Obtain Financing Pursuant to 11 U.S.C. §§ 105, 362, 364(c) and 364(e); (II) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 2002 and 4001; and (III) Granting Related Relief* [Dkt. No. 99] (the "Second Interim Order"); and (iii) and *Agreed Third Interim Order Granting Emergency Motion for Entry of Interim Order (I) Authorizing the Debtor to (A) Obtain Financing Pursuant to 11 U.S.C. §§ 105, 362, 364(c) and 364(e); (II) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 2002 and 4001; and (III) Granting Related Relief* [Dkt. No. 143] (the "Third Interim Order", collectively with the First Interim Order and Second Interim Orders, the "Interim Orders"). Having examined the Motion, being fully advised of the relevant facts and circumstances surrounding the Motion, having completed a hearing on interim relief under the Motion on October 24, 2017, Thursday, November 9, 2017, and Thursday, November 16, 2017 (the "Interim Hearings"), and on final relief under the Motion on December 4, 2017 (the "Final Hearing"), pursuant to §§ 363 and 364 of the Bankruptcy Code and Fed. R. Bankr. P. 4001(b) and (c), and all objections, if any, having been withdrawn, resolved or overruled by the Court, for the reasons stated on the record at the Final Hearing, **THE MOTION IS GRANTED AS SET FORTH BELOW, AND THE DEBTOR AND THE GUARANTOR HEREBY ADMIT, STIPULATE AND AGREE THAT:**

A. On October 1, 2017 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code commencing the above styled case (the "Chapter 11 Case").

B. Since the Petition Date, the Debtor has continued to operate and manage its business in the ordinary course pursuant to Bankruptcy Code §§ 1107 and 1108.

C. On October 25, 2017, an official committee of unsecured creditors (the "Committee") was appointed in this case.

D. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. The Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Non-debtor affiliate and Guarantor Offshore Express, LLC has consented to the jurisdiction of this court and the entry by this court of final orders in connection with any issues arising in connection with the DIP Loan Agreement, its guaranty obligations (the "Guaranty"), the Collateral, the Offshore Collateral, or any other DIP Loan Documents (as the terms "DIP Loan Documents", "Collateral", and "Offshore Collateral" are defined below).

E. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

F. The statutory bases for the relief requested herein are §§ 105, 362, 364(c) and 364(e) of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, and 6004, and Local Bankruptcy Rule 4001-1(b).

G. By reason of taking any actions pursuant to the Interim Orders or this Final Order, the DIP Lender is not in control of the operations, management, or liquidation of the Debtor or its assets.

H. The Debtor represents that the DIP budget attached hereto as Exhibit B (the "Approved Budget") sets forth the Debtor's anticipated cash receipts and

expenditures for the thirteen-week period following the date of the Motion and concluding on January 31, 2018. The Approved Budget sets forth the Debtor's good-faith projection of all weekly cash receipts and disbursements in connection with the operation of the Debtor's business during such period.

I. The Approved Budget contains all expenses that are reasonable and necessary for the operation of the Debtor's business and the preservation of the DIP Lender's collateral through the period for which the Approved Budget runs, including the expenditures for insurance and DIP Lender fees and expenses as directed in the First Interim Order, and therefore includes all amounts potentially chargeable to the DIP Lender under § 506(c) of the Bankruptcy Code. Accordingly, the Debtor hereby waives any claim against the DIP Lender pursuant to § 506(c) of the Bankruptcy Code or any other legal or equitable doctrine including, without limitation, unjust enrichment.

J. The Debtor has an immediate and ongoing post-petition need to access funds provided by the DIP Facility as provided herein to prevent immediate and irreparable harm to its estate and minimize disruption to and avoid the termination of its business operations. The Debtor faces a material diminution in the value of its assets and operations without access to the DIP Facility. Entry of this Final Order will also enhance the possibility of maximizing the value of the Debtor's business.

K. The Debtor is unable to obtain unsecured credit allowable under § 503(b)(1) of the Bankruptcy Code sufficient to finance the operations of its business. Except as provided below, the Debtor is unable to obtain credit allowable under §§ 364(c)(1), (c)(2) or (c)(3) of the Bankruptcy Code on terms more favorable than those offered by the DIP Lender.

L. Each of the provisions of the DIP Facility is reasonable and appropriate under the facts and circumstances of this Chapter 11 Case. The Debtor negotiated the DIP Facility at arms'-length and has determined that it is the best proposal under the circumstances. The DIP Facility is essential to the Debtor's ability to preserve its assets and business operations and proceed successfully in this Chapter 11 Case.

M. The DIP Lender is extending postpetition credit to the Debtor pursuant to the DIP Loan Documents (as that term is defined below), including the Interim Orders and this Final Order, in good faith, as that term is used in section 364(e) of the Bankruptcy Code.

N. The terms and conditions of the DIP Facility are fair and reasonable, the best available under the circumstances, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and consideration.

O. Under the circumstances of this case, this Final Order is a fair and reasonable response to the Debtor's request for the DIP Lender's provision of DIP Facility, and the entry of this Final Order is in the best interest of the Debtor's estate and its creditors.

P. The Guarantor is not giving the Guaranty or providing the Offshore Collateral with actual intent to hinder, delay, or defraud any entity to which the Guarantor is or will become indebted.

Q. The Guarantor is receiving reasonably equivalent value in exchange for the Guaranty and Offshore Collateral provided to the DIP Lender under the DIP Loan Documents (as that term is defined below). The Guarantor is not currently insolvent and

will not become insolvent as a result of such Guaranty or provision of the Offshore Collateral to the DIP Lender. The Guarantor is not engaged in business or a transaction, or about to engage in business or a transaction, for which any property remaining with the Guarantor is unreasonably small capital in connection with such Guaranty or provision of the Offshore Collateral to the DIP Lender. The Guarantor does not intend to incur, or believe that it would incur, debts that would be beyond the Guarantor's ability to pay as such debts matured in connection with such Guaranty or provision of the Offshore Collateral to the DIP Lender. The Guarantor is not making such transfer of the Offshore Collateral to or for the benefit of an insider, or incurring such Guaranty to or for the benefit of an insider, under an employment contract and not in the ordinary course of business.

R. The notice provided by the Debtor of the Motion, the, and the entry of this Final Order satisfy the requirements of Fed. R. Bankr. P. 2002, 4001(b) and (c), and 9014, and §§ 102(1), 363, 364(c) and (d) of the Bankruptcy Code and are otherwise sufficient and appropriate under the circumstances.

WHEREFORE, IT IS HEREBY ORDERED THAT:

1. Authorization To Incur Postpetition Financing.
 - a. DIP Loan Documents. The Debtor and Guarantor, are hereby authorized and have agreed to: (i) execute the DIP Loan Agreement and any related documents, including the guaranty agreement between the DIP Lender and Guarantor, and all other agreements, documents, certificates, and instruments delivered from time to time in connection therewith, that the DIP Lender finds reasonably necessary to implement the transactions contemplated by the DIP Loan Agreement,

(collectively with the Interim Orders and this Final Order, the "DIP Loan Documents"); and (ii) perform their DIP Obligations and Guaranty Obligations under and comply with all of the terms and provisions of the DIP Loan Agreement, this Final Order, and all other DIP Loan Documents. Upon execution and delivery thereof, the terms of the DIP Loan Agreement and any other DIP Loan Documents shall constitute valid and binding obligations of the Debtor and Guarantor enforceable in accordance with their terms.

b. Permitted Uses of DIP Obligations. The Debtor is authorized and has agreed to incur the DIP Obligations solely: (1) in accordance with the terms and provisions of this Final Order; (2) to the extent required to pay those expenses enumerated in the DIP Budget, as and when such expenses become due and payable; and (3) to pay or reimburse the expenses of the DIP Lender, including the DIP Lender's reasonable attorneys fees incurred in connection with the Chapter 11 Case. If the DIP Lender advances monies to the Debtor and the Debtor uses such monies other than in accordance with the terms or provisions of this Final Order, such advances shall be considered DIP Obligations for purposes of this Final Order.

c. Additional Terms of DIP Obligations.

i. Maximum Amount. Pending the entry of a further Court order, the maximum principal amount of DIP Obligations outstanding shall not at any time exceed the cumulative amount of draws described in the Approved Budget and in no case shall the maximum principal amount of the DIP Obligations outstanding exceed \$3,000,000 ("Final DIP Amount").

ii. Disbursements of DIP Funds. The Debtor is authorized to immediately borrow under the DIP Facility in accordance with the Approved Budget.

iii. Interest. The DIP Obligations shall bear interest at a per annum rate equal to LIBOR + 15%, with a LIBOR floor of 3%.

iv. Maturity. The DIP Obligations shall mature and be due and payable in full by the Debtor on the Maturity Date identified in the DIP Loan Agreement unless extended by the Court upon the written agreement of the DIP Lender.

2. Superpriority Administrative Expense Status; DIP Liens; Non-Debtor Liens.

- a. The DIP Obligations are hereby granted superpriority administrative expense status under § 364(c)(1) of the Bankruptcy Code, with priority over all costs and expenses of administration of the Chapter 11 Case that are incurred under any provision of the Bankruptcy Code. The claims, superpriority claims, security interests and liens, and other protections granted pursuant to this Final Order, the Interim Orders, and the DIP Loan Documents will have the protections provided in section 364(e) of the Bankruptcy Code and will not be affected by any subsequent reversal, modification, vacatur, amendment, reargument, or reconsideration of this Final Order or any other order.
- b. Effective immediately upon entry of the Final DIP Order, the DIP Lender shall be granted continuing, valid, binding, enforceable, non-avoidable, and automatically and property perfected post-petition security interests in and liens (the "DIP Liens"), on all assets of the Debtor, *save and except for* (1) the Barges DB Swing

Thompson and DB William Kallop; and (2) any claims or causes of action under §§ 544, 547, 548, 550, 551 and 553 of the Bankruptcy Code or any proceeds or recoveries from such claims or causes of action (the "Collateral").

- c. The DIP Liens: (1) pursuant to §§ 364(c)(2), (c)(3) and 364(d) of the Bankruptcy Code, are priority liens senior in priority to all liens on the Collateral, without any further action by the Debtor or the DIP Lender and without the execution, filing or recordation of any financing statements, security agreements, mortgages or other documents or instruments; (2) shall not be subject to any security interest or lien that is avoided and preserved under § 551 of the Bankruptcy Code; (3) shall not be subject to avoidance or subordination including, without limitation, under § 510(c) of the Bankruptcy Code; and (4) shall remain in full force and effect notwithstanding any subsequent conversion to chapter 7 or dismissal of the Chapter 11 Case.
- d. The Debtor shall execute and deliver to the DIP Lender such financing statements, mortgages, instruments, and other documents as the DIP Lender may request from time to time, and any such documents filed by the DIP Lender or the Debtor shall be deemed filed as of the date of the Motion.
- e. Non-Debtor Liens: In order to secure the DIP Obligations, effective immediately upon the entry of this Final Order, the DIP Lender shall be granted continuing valid, binding, enforceable, non-avoidable, and automatically and properly perfected first priority liens on the real estate assets of non-debtor Offshore Express, LLC (the "Guaranty Liens"). The legal description for these non-debtor assets (the "Offshore Collateral") is attached hereto as Exhibit C. The Guarantor

shall execute and deliver to the DIP Lender such financing statements, mortgages, instruments, and other documents as the DIP Lender may request from time to time, and any such documents filed by the DIP Lender, Debtor, or Guarantor shall be deemed filed as of the date of the Motion.

- f. Prohibition Against Additional Debt. The Debtor and Guarantor will not incur or seek to incur debt secured by a lien which is equal to or superior to the DIP Liens or Guaranty Liens, or which is given superpriority administrative expense status under Bankruptcy Code § 364(c)(1), unless, in addition to the satisfaction of all requirements of § 364 of the Bankruptcy Code: (1) the DIP Lender has consented to such order; or (2) such credit or debt is used to pay the DIP Obligations in full, in cash, immediately upon the entry of such order.

3. Responsible Officer.

- a. For the Debtor, David Weinhoffer is appointed as the Responsible Officer under the DIP Loan Documents.
- b. For the non-Debtor Guarantor, Offshore Express, LLC, William Kallop is appointed as the Responsible Officer under the DIP Loan Documents.

4. Maturity Date; Rights and Remedies.

- a. Effect of Maturity Date. Unless extended by the Court upon the written agreement of the DIP Lender, upon the Maturity Date, without further notice or order of Court: (1) the Debtor's authorization to incur DIP Obligations hereunder will automatically terminate; and (2) at the DIP Lender's election: (i) the DIP Obligations shall be immediately due and payable, (ii) the Debtor shall be

prohibited from using funds from the DIP Obligations for any purpose other than application to the DIP Obligations.

- b. Rights and Remedies. Upon the Maturity Date, and after (5) business days prior written notice to the Debtor and Guarantor, at the DIP Lender's election and without further order of the Court: (1) the DIP Lender shall have automatic and immediate relief from the automatic stay with respect to the Collateral (without regard to the passage of time provided for in Fed. R. Bankr. P. 4001(a)(3)), and shall be entitled to exercise all rights and remedies available to them under the DIP Loan Documents and applicable nonbankruptcy law; and (2) the Debtor shall surrender the Collateral and shall otherwise cooperate with the DIP Lender in the exercise of its rights and remedies under the DIP Loan Documents, and applicable nonbankruptcy law, including, without limitation, by filing a motion to retain one or more agents to sell, lease or otherwise dispose of the Collateral upon the request and subject to terms and conditions acceptable to DIP Lender; (3) Offshore Express, LLC shall surrender the Offshore Collateral and shall otherwise cooperate with the DIP Lender in the exercise of its rights and remedies under the Guaranty and any other DIP Loan Documents, and applicable nonbankruptcy law, including, without limitation, by retaining one or more agents to sell, lease or otherwise dispose of the Offshore Collateral upon the request and subject to terms and conditions acceptable to DIP Lender. Notwithstanding the foregoing, if a notice of Maturity Date is based on an alleged Event of Default, during the 5 business-day notice period, the Debtor may seek an order of this Court determining that such alleged Event of Default did not occur; provided, however,

that from and after the Maturity Date, the DIP Lender shall have no obligation to advance funds to the Debtor.

5. Binding Effect of Stipulations. The stipulations and admissions contained in this Final Order shall be binding on all parties-in-interest, including, without limitation, the Debtor, the Debtor's estate, the DIP Lender, the Guarantor, the Committee and any of their respective successors and assigns, including any chapter 11 or chapter 7 trustee. No cost or expense, including, but not limited to, any cost or expense of administration of the Chapter 11 Case or any future proceeding that may develop out of the Chapter 11 Case, including liquidation under chapter 7 of the Bankruptcy Code, shall be charged by a Debtor or its estate against its property pursuant to § 506(c) of the Bankruptcy Code or otherwise where the obligation for which surcharge might be sought arises prior to the Maturity Date, without the prior written consent of the DIP Lender, and no such consent shall be implied from any action, inaction or acquiescence by the DIP Lender; excluding, however, any claims for services at their normal invoiced prices provided in accordance (including, without limitation, timing) with the Approved Budget and incurred prior to the Maturity Date, but not paid by the Debtor (subject to the DIP Lender's rights to object to any such claims); provided, further, that no surcharge may be made to the extent that the Debtor has materially misapplied funds from the amounts set forth in the Approved Budget.
6. Right to Credit Bid. In connection with the sale or other disposition of all or any portion of the Collateral, whether under § 363 of the Bankruptcy Code, § 1129 of the Bankruptcy Code or otherwise, pursuant to § 363(k) of the Bankruptcy Code,

the DIP Lender shall have the right to use the DIP Obligations or any part thereof to credit bid with respect to any bulk or piecemeal sale of all or any portion of the Collateral.

7. Plan. Unless the DIP Lender consents thereto, neither the Debtor nor the Guarantor may seek entry of an order confirming a plan in this Chapter 11 Case unless the DIP Obligations shall be paid in full in cash on the earliest possible Maturity Date, and in any event no later than effective date of the plan (a Maturity Date itself as defined by the DIP Loan Agreement) notwithstanding anything to the contrary in any such order confirming a plan.

8. Application of Sale Proceeds. All proceeds from sales or other dispositions of all or any portion of the Collateral or Offshore Collateral other than in the ordinary course of business shall be applied first to payment of any outstanding DIP Obligations.

9. Waiver of Right to Return/Consent to Setoff. The Debtor hereby waives its rights: (a) to return any of the Collateral pursuant to § 546(h) of the Bankruptcy Code; (b) to consent to any order permitting any claims pursuant to § 503(b)(9) of the Bankruptcy Code except to the extent permitted in the Approved Budget, as previously disclosed to the DIP Lender and the Court; and (c) to consent to setoff pursuant to § 553 of the Bankruptcy Code or recoupment.

10. Force and Effect of the DIP Loan Documents. To the extent there exists any conflict among the terms of the this Final Order and the Motion, Interim Orders, DIP Loan Agreement, or any other DIP Loan Documents, this Final Order shall govern and control.

11. Modification of Stay. The automatic stay of § 362 of the Bankruptcy Code is hereby modified with respect to the DIP Lender to the extent necessary to effectuate the provisions of this Final Order, including, without limitation, to permit the DIP Lender to record its DIP Lien in the appropriate jurisdiction.

12. No Waiver. The DIP Lender shall not be deemed to have suspended or waived any of its rights or remedies under this Final Order, any other DIP Loan Documents, the Bankruptcy Code, or applicable nonbankruptcy law unless such suspension or waiver is in writing, signed by a duly authorized officer of the DIP Lender, as applicable, and directed to the Debtor. No failure of the DIP Lender to require strict performance by the Debtor, its estate, or the Guarantor (or any of the foregoing's successors or assigns, including any chapter 11 or chapter 7 trustee) of any provision of this Final Order shall waive, affect or diminish any right of the DIP Lender thereafter to demand strict compliance and performance therewith, and no delay on the part of DIP Lender in the exercise of any right or remedy under this Final Order, any other DIP Loan Documents, the Bankruptcy Code, or applicable nonbankruptcy law shall preclude the exercise of any right or remedy.

13. Release. Upon the date that the DIP Obligations are paid in full in cash and prior to the release of the DIP Liens, the Debtor and Guarantor shall execute and deliver to the DIP Lender a general release of any and all claims and causes of action that could have been asserted or raised under or in connection with the DIP Loan Documents.

14. Amendments. The Debtor, Guarantor, and the DIP Lender may enter into amendments or modifications of the DIP Loan Documents (other than the Interim Orders and the Final Order) or the Approved Budget without further notice and hearing or order of this Court; provided, that (a) such modifications or amendments do not materially and adversely affect the rights of any creditor or other party-in-interest, and (b) notice of any such amendment or modification is filed with this Court.

15. Binding Effect of Final Order. This Final Order shall be binding on all parties in interest in the Chapter 11 Case, including, without limitation, the Debtor, the Debtor's estate, the

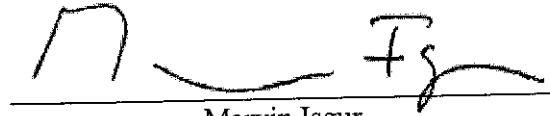
DIP Lender, the Guarantor, the Committee and their respective successors and assigns, including any chapter 11 or chapter 7 trustee. If, in accordance with § 364(e) of the Bankruptcy Code, this Final Order does not become a final nonappealable order, or if any of the provisions of the Final Order are hereafter modified, amended, vacated or stayed by subsequent order of this Court or any other court, such termination or subsequent order shall not affect: (a) the stipulations, representations, and findings contained in this Final Order and the relief granted by and the releases contained in this Final Order; and (b) the priority, validity, enforceability or effectiveness of any lien, security interest or other benefit or claim authorized hereby with respect to DIP Obligations incurred prior to the effective date of such termination or subsequent order. All such liens, security interests, claims and other benefits shall be governed in all respects by the original provisions of this Final Order, and the DIP Lender shall be entitled to all the rights, remedies, privileges and benefits granted hereto, including the liens and priorities granted herein, with respect to the DIP Obligations. Except as otherwise explicitly set forth in this Final Order, no third party is intended to be, or shall be deemed to be, a third party beneficiary of this Final Order.

16. Survival. The provisions of this Final Order, and any actions taken pursuant to or in reliance upon the terms hereof, shall survive entry of, and govern in the event of any conflict with, any order which may be entered in the Chapter 11 Case: (a) confirming any chapter 11 plan, (b) converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code, (c) dismissing the Chapter 11 Case, (d) withdrawing of the reference of the Chapter 11 Case from this Court, or (e) providing for abstention from handling or retaining of jurisdiction of the Chapter 11 Case in this Court. The terms and provisions of this Final Order, including, without limitation, the rights granted DIP Lender under §§ 364(c) and (d) of the Bankruptcy Code, shall

continue in full force and effect until all of the DIP Obligations is indefeasibly paid in full in cash and discharged.

Signed:

January 08, 2018

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long horizontal flourish and a 'J' with a vertical stroke, all written above a horizontal line.

Marvin Isgur
United States Bankruptcy Judge

Agreed to as to form and substance by:

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EXHIBIT A
POST PETITION SUPERPRIORITY LOAN AGREEMENT

POST PETITION SUPERPRIORITY LOAN AGREEMENT

dated as of December [], 2017

among

**OFFSHORE SPECIALTY FABRICATORS, LLC,
as Borrower,**

**SCHUMANN/STEIER HOLDINGS, LLC
as Lender**

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THIS POST PETITION SUPERPRIORITY LOAN AGREEMENT dated as of December __, 2017, is by and among OFFSHORE SPECIALTY FABRICATORS, LLC ("Borrower"), SCHUMANN/STEIER HOLDINGS, LLC ("Lender"), and Offshore Express, LLC ("Guarantor").

RECITALS

A. On October 1, 2017 (the "Petition Date"), the Borrower filed a voluntary petition with the United States Bankruptcy Court for the Southern District of Texas, Houston Division for relief under Chapter 11 of Title 11 of the United States Code (as amended, the "Bankruptcy Code").

B. The Borrower has requested that the Lender provide financing to the Borrower consisting of a secured, superpriority credit facility (the "DIP Facility"), secured by all assets of Borrower (save and except for the Barges DB Swing Thompson and DB William Kallop and certain causes of action owned by the Borrower's bankruptcy estate), guaranteed by the Guarantor, and secured by real property and improvements owned by the Guarantor

C. The Lender has agreed to make loans available to the Borrower from time to time in an aggregate principal amount of up to \$3,000,000 under the DIP Facility upon the terms and conditions set forth herein, including, where applicable, entry of the Final Financing Order in the Borrower's Chapter 11 Case in order to pay the fees, costs and expenses incurred by the Borrower in the administration of the Chapter 11 Case and provide working capital for the Borrower in accordance with the DIP Budget (as defined below).

D. Now, therefore, in consideration of the mutual covenants and agreements herein contained and of the loans, extensions of credit and commitments hereinafter referred to, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING MATTERS

Section 1.01 Terms Defined Above. As used in this Agreement, each term defined above has the meaning indicated above.

Section 1.02 Certain Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Aggregate Maximum Credit Amounts" at any time means, (x) with respect to the period after the entry of the Interim Financing Orders but prior to entry of the Final Financing Order, \$300,000 and (y) with respect to the period on and after entry of the Final Financing Order, \$2,700,000, as the same may be reduced or terminated pursuant to Section 2.05.

“Agreement” means this Post-Petition Superpriority Loan Agreement, including any Annexes, Exhibits, and Schedules hereto.

“Applicable Margin” means 15%.

“Approved Counterparty” means any Lender or any Affiliate of a Lender.

“Asset Sale” means the sale, lease, assignment or other transfer for value by the Borrower or Guarantor to any Person of any Property, asset or right of Borrower or Guarantor, other than (i) the sale or lease of obsolete, worn-out or surplus equipment in the ordinary course of business, (ii) the derrick barges WILLIAM KALLOP or SWING THOMPSON; (iii) the sale or lease of inventory in the ordinary course of business; or (iv) the assignment of any claims or causes of action under §§ 544, 547, 548, 550, 551 and 553 of the Bankruptcy Code. The term “Asset Sale” includes, without limitation, the Proposed Section 363 Sale.

“Availability Period” means the period from and including the Effective Date to but excluding the Maturity Date and all periods subsequent to the occurrence of the Maturity Date.

“Bankruptcy Code” has the meaning set forth in the recitals hereto.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of Texas, Houston Division or such other courts as shall have jurisdiction over the Chapter 11 Case.

“Borrowing” means a borrowing of Loans.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to remain closed.

“Casualty Event” means any loss, casualty or other damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any Property of the Borrower or any of its Affiliates having an estimated dollar amount in excess of \$100,000.

“Change in Law” means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities,

in each case pursuant to Basel III (but not Basel II), shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Chapter 11 Case" means the chapter 11 case of the Borrower administered under case no. 17-35623 in the Bankruptcy Court or such other court having jurisdiction over such case, or in any other proceedings superseding or related to any of the foregoing.

"Code" means the Internal Revenue Code of 1986, and any successor statute.

"Collateral" means (i) all of the real and personal property of Borrower of any description whatsoever, wherever located and whenever arising or acquired, including all cash, accounts, inventory, equipment, fixtures, chattel paper, general intangibles (excluding for purposes of this Agreement all claims, causes of action and proceeds under §§ 544, 547, 548, 550, 551 and 553 of the Bankruptcy Code), all leaseholds, all commercial torts, all interests in any joint venture, all licenses and permits, and all proceeds, rents, issues, profits and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any of the foregoing, and (ii) that Mortgaged Property owned by Guarantor. Notwithstanding the foregoing, the term "Collateral" does not include the derrick barges WILLIAM KALLOP or SWING THOMPSON.

"Commitment" means the commitment of the Lender to make Loans, as such commitment may be modified from time to time pursuant to Section 2.05. The aggregate maximum Commitment of the Lender for all periods under this Agreement is \$3,000,000.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. For the purposes of this definition, and without limiting the generality of the foregoing, any Person that owns directly or indirectly 20% or more of the Equity Interests having ordinary voting power for the election of the directors or other governing body of a Person (other than as a limited partner of such other Person) will be deemed to "control" such other Person. **"Controlling"** and **"Controlled"** have meanings correlative thereto.

"CRO" means the chief restructuring officer of the Borrower.

"Debt" means, for any Person, the sum of the following (without duplication): (a) all obligations of such Person for borrowed money or evidenced by bonds, bankers' acceptances, debentures, notes or other similar instruments; (b) all obligations of such Person (whether contingent or otherwise) in respect of letters of credit, surety or other bonds and similar instruments; (c) all accounts payable and all accrued expenses, liabilities or other obligations of such Person to pay the deferred purchase price of Property or services (other than earn-out obligations and liabilities of such Person to trade creditors arising in the ordinary course of business (including guarantees thereof or instruments evidencing such liabilities) that are either (i) not greater than ninety (90) days past due or (ii) are being contested in good faith by appropriate proceedings and adequate reserves therefore have been established under GAAP); (d) all Debt (as defined in the other clauses of this definition) of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) a Lien on any Property of such Person, whether or not such Debt is assumed by such Person; (e) all

Debt (as defined in the other clauses of this definition) of others guaranteed by such Person or in which such Person otherwise assures a creditor against loss of the Debt (howsoever such assurance shall be made) to the extent of the lesser of the amount of such Debt and the maximum stated amount of such guarantee or assurance against loss; (f) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the Debt or Property of others; (g) obligations to deliver commodities, goods or services in consideration of one or more advance payments; (h) obligations to pay for goods or services even if such goods or services are not actually received or utilized by such Person; and (i) any Debt of a partnership for which such Person is liable either by agreement, by operation of law or by a Governmental Requirement but only to the extent of such liability; . The Debt of any Person shall include all obligations of such Person of the character described above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such Person under GAAP.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“DIP Budget” means a thirteen-week budget showing each of the following on a line item basis: (a) budgeted cash receipts (including as a result of the receipt of proceeds from Loans made hereunder) and (b) anticipated disbursements during the applicable period. The DIP Budget for the period through January 31, 2018 is set forth in Exhibit [] attached hereto and has been approved by the Lender. Revisions to DIP Budget may be approved by the Lender in its sole discretion.

“DIP Loan Documents” means this Agreement, the Note, the Guaranty, the Mortgage, the Financing Orders, and all other agreements, documents, certificates, and instruments delivered from time to time in connection with the foregoing, that the DIP Lender finds reasonably necessary to implement the transactions contemplated by the Agreement, the Note, Guaranty, and the Mortgage.

“DIP Obligations” means any and all amounts owing or to be owing by the Borrower, Guarantor, or any Affiliate of either of the foregoing (whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising) to the Lender under DIP Loan Documents.

“Dollars” or **“\$”** refers to lawful money of the United States of America.

“Effective Date” has the meaning assigned to such term in Section 6.01.

“Environmental Laws” means any and all Governmental Requirements pertaining in any way to health and safety (insofar as either may be affected by a Release of, or exposure to, Hazardous Materials), the environment, the preservation or reclamation of natural resources, or the management, Release or threatened Release of any Hazardous Materials, in effect in any and all jurisdictions in which any Borrower or any Affiliate is conducting, or at any time has conducted, business, or where any Property of any Borrower or any Affiliate is located, including, the Oil Pollution Act of 1990, the Clean Air Act, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980 (**“CERCLA”**), the Federal Water Pollution

Control Act, the Occupational Safety and Health Act of 1970, the Resource Conservation and Recovery Act of 1976 ("**RCRA**"), the Safe Drinking Water Act, the Toxic Substances Control Act, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, and other environmental conservation or protection Governmental Requirements.

"Environmental Permit" means any permit, registration, license, notice, approval, consent, exemption, variance, or other authorization required under or issued pursuant to applicable Environmental Laws.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, and any successor statute.

"ERISA Affiliate" means each trade or business (whether or not incorporated) which together with any Borrower or any Affiliate would be deemed to be a "single employer" within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the Code.

"Event of Default" has the meaning assigned to such term in Section 10.01.

"Excluded Taxes" means, with respect to the Lender, or any other recipient of any payment to be made by or on account of any obligation of Borrower or Guarantor under any other DIP Loan Document, (a) income or franchise taxes imposed on (or measured by) its net income, receipts, total assets, net worth or capital, or any backup withholding taxes, in each case imposed by the United States of America or such other jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which Borrower is located.

"Final Financing Order" means an order of the Bankruptcy Court entered on a final basis, in form and substance satisfactory to the Lender, which (a) contains substantially the same provisions as the Interim Financing Orders (including reaffirming (x) that the Lender is extending credit to Borrower in good faith (within the meaning of Section 364(e) of the Bankruptcy Code) under this Agreement and (y) the granting of Liens and priority position provided in connection with the Interim Financing Orders), (b) contains the provisions set forth in the Interim Financing Orders to be included in the Final Financing Order, and (c) is not subject to vacatur, amendment, modification, reversal or stay without the prior written consent of the Lender.

"Financial Statements" means with respect to Borrower, the Guarantor, and any of their affiliates, the balance sheets, profit and loss statements, statements of cash flow, if any, for the period specified, prepared in accordance with GAAP and consistent with prior practices.

“Financing Orders” means, collectively, the Interim Financing Orders and the Final Financing Order.

“GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in Section 1.04.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, license, authorization or other directive or requirement, whether now or hereinafter in effect, of any Governmental Authority.

“Governmental Requirement” means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, any withholding taxes that are imposed pursuant to FATCA, and (e) any withholding tax attributable to a Foreign Lender’s failure to comply with Section 5.01(e).

“Guarantor” means Offshore Express, LLC.

“Guaranty” means that Guaranty Agreement of even date herewith executed by Guarantor for the benefit of Lender.

“Hazardous Material” means any substance regulated or as to which liability might arise under any applicable Environmental Law including: (a) any chemical, compound, material, product, byproduct, substance or waste defined as or included in the definition or meaning of “hazardous substance,” “hazardous material,” “hazardous waste,” “solid waste,” “toxic waste,” “extremely hazardous substance,” “toxic substance,” “contaminant,” “pollutant,” or words of similar meaning or import found in any applicable Environmental Law; (b) petroleum products, petroleum substances, natural gas, oil, oil and gas waste, crude oil, and any components, fractions, or derivatives thereof; and (c) radioactive materials, explosives, asbestos or asbestos containing materials, polychlorinated biphenyls, radon, infectious materials or medical wastes.

“Highest Lawful Rate” means, with respect to each Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the DIP Obligations under laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws allow as of the date hereof.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Initial Borrowing Request” has the meaning assigned to such term in Section 2.03.

“Interest Payment Date” means the last day of each calendar month.

“Interim Financing Orders” means the (i) *Order Approving Interim DIP Loan* [Dkt. No. 65] (the **“First Interim Order”**); (ii) *Agreed Order Granting Emergency Motion for Entry of Interim Order (I) Authorizing the Debtor to (A) Obtain Financing Pursuant to 11 U.S.C. §§ 105, 362, 364(c) and 364(e); (II) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 2002 and 4001; and (III) Granting Related Relief* [Dkt. No. 99] (the **“Second Interim Order”**); and (iii) and *Agreed Third Interim Order Granting Emergency Motion for Entry of Interim Order (I) Authorizing the Debtor to (A) Obtain Financing Pursuant to 11 U.S.C. §§ 105, 362, 364(c) and 364(e); (II) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 2002 and 4001; and (III) Granting Related Relief* [Dkt. No. 143] (the **“Third Interim Order”**), collectively with the First Interim Order and Second Interim Orders, the **“Interim Orders”**).

“Investment” means, for any Person: (a) the acquisition (whether for cash, Property, services or securities or otherwise) of Equity Interests of any other Person (including, without limitation, any “short sale” or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale); (b) the making of any deposit with, or advance, loan or capital contribution to, assumption of Debt of, purchase or other acquisition of any other Debt or equity participation or interest in, or other extension of credit to, any other Person (excluding any such advance, loan or extension of credit having a term not exceeding ninety (90) days representing the purchase price of inventory or supplies sold by such Person in the ordinary course of business); or (c) the entering into of any guarantee of, or other contingent obligation (including the deposit of any Equity Interests to be sold) with respect to, Debt or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person.

“Lender” means Schumann/Steier Holdings, LLC.

“LIBOR Rate” means the greater of (i) 3% per annum or (ii) the rate appearing on Reuters Reference Screen LIBOR01 Page (or on any successor or substitute screen of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such screen of such service, as determined by the Lender from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time on such date, as the rate for dollar deposits with a maturity comparable to such Interest Period.

“Lien” means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including but not limited to the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term **“Lien”** shall include easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations. For the purposes of this Agreement, Borrower or Guarantor shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, or leases under a financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person in a transaction intended to create a financing.

“Loans” means the loans made by the Lender to the Borrower pursuant to this Agreement.

“Maturity Date” means, at the Lender’s election, the earlier to occur of: (a) the date on which the Lender provides written notice, which may be electronic, to the Borrower and Guarantor of the occurrence and continuance of an Event of Default; (b) Monday, April 23, 2018, or (c) the effective date of a plan of reorganization acceptable to Lender.

“Material Adverse Effect” means a material adverse change in, or material adverse effect on (a) the business, operations, Property or financial condition of the Borrower, the Guarantor, and the Affiliates of either taken as a whole, excluding the effect of events, developments and circumstances affecting the applicable industry generally, (b) the ability of Borrower or the Guarantor to perform any of its material obligations under any DIP Loan Document, (c) the validity or enforceability of any DIP Loan Document or (d) the rights and remedies of the Lender under any DIP Loan Document, but in each case (i) excluding the effects of the Chapter 11 Case and (ii) the existence of the automatic stay pursuant to Bankruptcy Code §362 shall be considered in determining materiality.

“Money Laundering Law” means any law governing conduct or acts designed in whole or in part to conceal or disguise the nature, location, source, ownership or control of money (including currency or equivalents, e.g., checks, electronic transfers, etc.) to avoid a transaction reporting requirement under state or federal law or to disguise the fact that the money was acquired by illegal means.

“Mortgage” means that Multiple Indebtedness Mortgage, Pledge of Leases and Rents and Security Agreement on or about even date herewith executed by Guarantor for the benefit of Lender covering the property described therein.

“Mortgaged Property” means that real and personal property owned by Guarantor described as the “Mortgaged Property” in the Mortgage.

“Net Cash Proceeds” means:

(a) with respect to any Asset Sale or Recovery Event, the aggregate cash proceeds (including cash proceeds received by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by Borrower, Guarantor, or any Affiliate of the foregoing pursuant to such Asset Sale or Recovery Event, net of (i) the direct costs incurred or expected to be incurred relating to any such Asset Sale (including sales commissions, marketing costs, and legal, accounting and investment banking fees, if applicable), or the direct costs of collection, in the case of a Recovery Event, (ii) income, franchise, transfer or other taxes paid or reasonably estimated by Borrower, Guarantor, or such Affiliate to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (iii) amounts required to be applied to the repayment of any Debt secured by a Lien on the asset subject to any such Asset Sale or Recovery Event (other than the Loans); and

(b) with respect to any issuance of Debt, the aggregate cash proceeds received by Borrower, Guarantor, or any Affiliate of the foregoing pursuant to such issuance, net of the direct costs incurred or expected to be incurred of or relating to such issuance (including up-front fees and placement fees).

“Notice of Default” means a notice, which may be transmitted electronically, from the Lender to the Borrower and Guarantor stating that an Event of Default has occurred and the Termination Date has occurred or will occur as a result thereof.

“Note” means that Promissory Note of even date herewith in the amount of \$3,000,000.00 executed by Borrower and made payable to the order of Lender, and all renewals, extensions, modifications, increases, restatements, replacements, and rearrangements thereof.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or Property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement and any other DIP Loan Document.

“Permitted Variance” has the meaning assigned to such term in Section 8.01(g).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Petition Date” has the meaning set forth in the recitals hereto.

“Benefit Plan” means any employee pension benefit plan, as defined in Section 3(2) of ERISA, which (a) is currently or hereafter sponsored, maintained or contributed to by any Borrower, an Affiliate or an ERISA Affiliate or (b) was at any time during the six calendar years preceding the date hereof, sponsored, maintained or contributed to by such Borrower or Affiliate or an ERISA Affiliate.

“Post-Petition” shall refer to events and/or liabilities occurring after the Petition Date.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, cash, securities, accounts and contract rights.

“Proposed Section 363 Sale” means the sale under Section 363 of the Bankruptcy Code of substantially all of the assets of the Borrower pursuant to an order of the Bankruptcy Court which shall be in form and substance acceptable to the Lender.

“Recovery Event” means any settlement of or payment in respect of any property or casualty insurance claim or any taking under power of eminent domain or by condemnation or similar proceeding of or relating to any property or asset of any Borrower or any Affiliate.

“Redemption” means with respect to any Debt, the repurchase, redemption, prepayment, repayment, defeasance or any other acquisition or retirement for value (or the segregation of

funds with respect to any of the foregoing) of such Debt. "Redeem" has the correlative meaning thereto.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors (including attorneys, accountants and experts) of such Person and such Person's Affiliates.

"Release" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"Remedial Work" has the meaning assigned to such term in Section 8.10(a).

"Responsible Officer" means, (i) as to Borrower, David Weinhoffer, and (ii) as to Guarantor, William Kallop. Unless otherwise specified, all references to a Responsible Officer herein shall mean a Responsible Officer of the Borrower.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other Property) with respect to any Equity Interests in any Borrower or the Guarantor, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in any Borrower or Guarantor or any option, warrant or other right to acquire any such Equity Interests in any Borrower or Guarantor.

"Sale Procedures Order" means an order of the Bankruptcy Court related to the Proposed Section 363 Sale, which shall be in form and substance satisfactory to the Lender.

"SEC" means the Securities and Exchange Commission or any successor Governmental Authority.

"Subsidiary" means any subsidiary of the Borrower or Guarantor.

"Superpriority Claim" means a claim against the Borrower or its respective estate in the Chapter 11 Case which is an allowed administrative expense claim of the kind specified in Section 503(b), 506(c) or 507(b) of the Bankruptcy Code with priority over all other administrative claims.

"Swap Agreement" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Third Party Sale Interest” means any written offer (whether formal or informal, binding or non-binding) for the purchase of any assets of any Borrower or its Affiliate (other than sales referred to in Section 9.12(a) – (b)) submitted by a party that is not Borrower or an Affiliate to Borrower or its representatives.

“Transactions” means, with respect to the Borrower, the execution, delivery and performance by the Borrower and Guarantor of this Agreement and each other DIP Loan Document to which it is a party, the borrowing of Loans, the use of the proceeds thereof hereunder, and the grant of Liens by the Borrower and Guarantor on Mortgaged Properties and other Properties pursuant to this Agreement and other DIP Loan Documents.

“Variance Report” means the weekly report submitted to the Lender which shows the delta between the projected spending in the DIP Budget on a weekly basis and the actual spending by the Borrower for the immediately preceding week.

“Variance Reporting Date” means the deadline to submit the Variance Report to the Lender which shall be no later than 5 p.m. on the Wednesday of the following week for each preceding week.

Section 1.03 Terms Generally; Rules of Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” as used in this Agreement shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in the DIP Loan Documents), (b) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to the restrictions contained in the DIP Loan Documents), (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to but excluding” and (f) any reference herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. No provision of this Agreement or any other DIP Loan Document shall be interpreted or construed against any Person solely because such Person or its legal representative drafted such provision.

ARTICLE II THE CREDITS

Section 2.01 Commitments. Subject to the terms and conditions set forth herein, Lender agrees to make Loans to the Borrower during the Availability Period in an aggregate principal amount that will not result in (a) the outstanding principal amount of such Lender’s

Loans exceeding such Lender's Commitment, or (b) the total outstanding principal amount of Loans exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow the Loans.

Section 2.02 Loans and Borrowings.

(a) Borrowings; Several Obligations. Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lender ratably in accordance with its Commitment. The failure of Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Minimum Amounts. Except for the initial Borrowing in the amount of \$300,000.00, at the time that each Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$10,000; provided that a Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments.

Section 2.03 Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Lender of such request in writing (by hand delivery or in writing, which may be electronic) not later than 12:00 noon, Houston time. Each such Borrowing Request shall be irrevocable and shall be signed by the CRO.

The initial Borrowing Request (the "Initial Borrowing Request") shall be submitted by the CRO following the filing of the Interim Financing Orders in accordance with the DIP Budget approved by the Lender and submitted to the Court, the Borrowing requested by Initial Borrowing Request shall be no greater than \$300,000.00.

Each subsequent Borrowing Request shall occur no earlier than one day following a Variance Reporting Date deadline, and specify the following information:

(i) the date of such Borrowing, shall be no earlier than the second Business Day after the date of such Borrowing Request; and

(ii) the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.04.

Section 2.04 Funding of Borrowings.

(a) Funding by Lender. Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Houston time, to the account of the Lender most recently designated by it for such purpose by notice to the Lender. The Lender will make such Loans available to the Borrower by promptly disbursing the amounts so received, in like funds, to an account of the Borrower designated by the Borrower in the applicable Borrowing Request. Nothing herein shall be deemed to obligate any Lender to obtain the funds for

its Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for its Loan in any particular place or manner.

Section 2.05 Termination and Reduction of Aggregate Maximum Credit Amounts.

(a) Scheduled Termination of Commitments. Unless previously terminated, the Commitments shall terminate on the Maturity Date. If at any time the Aggregate Maximum Credit Amounts are terminated or reduced to zero, then the Commitments shall terminate on the effective date of such termination or reduction.

(b) Reduction of Outstanding Amounts in Event of Sale or Recovery Event.

(i) Upon the completion of any Asset Sale, the occurrence of any Recovery Event or the issuance or other incurrence of Debt of the Borrower (subject in each case to all applicable repayment rights to the extent set forth in the definition of "Net Cash Proceeds"), the outstanding principal and interest under the Loans shall be permanently reduced in total by an amount equal to such Net Cash Proceeds until reduced to zero. Any such reduction of outstanding principal under the Loans shall constitute a reduction of the Aggregate Maximum Credit Amounts subject to Section 2.05(b)(ii) herein. If any such reduction of outstanding principal under the Loans reduces the outstanding principal under the Loans to zero, it shall constitute a termination of the Aggregate Maximum Credit Amounts subject to Section 2.05(b)(ii) herein.

(ii) The Borrower shall notify the Lender of any election to terminate or reduce the Aggregate Maximum Credit Amounts under Section 2.05(b)(i) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section 2.05(b)(ii) shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Aggregate Maximum Credit Amounts shall be permanent and may not be reinstated.

ARTICLE III

PAYMENTS OF PRINCIPAL AND INTEREST; PREPAYMENTS; FEES

Section 3.01 Repayment of Loans. The Borrower hereby unconditionally promises to pay to the Lender the then unpaid principal amount of each Loan and all outstanding DIP Obligations on the Maturity Date.

Section 3.02 Interest.

(a) Interest Rate. Upon disbursement of the Interim Draw, interest shall accrue at the LIBOR Rate plus the Applicable Margin on the outstanding balance of the

Loans until all of the DIP Obligations have been paid in full, but in no event to exceed the Highest Lawful Rate.

(b) Post-Default Rate. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, or if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder or under any other DIP Loan Document is not paid when due, upon acceleration or otherwise, then the Loan shall bear interest, after as well as before judgment, at a rate per annum equal to two percent (2%) plus the rate set forth in Section 3.02(a), but in no event to exceed the Highest Lawful Rate.

(c) Interest Payment Dates. Accrued interest on the Loan shall be payable in arrears on the drawn amount on each Interest Payment Date and on the Maturity Date; provided that (i) interest accrued pursuant to Section 3.02(b) shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan (other than an optional prepayment of a Loan prior to the Maturity Date), unpaid and accrued interest shall be payable on the date of such repayment or prepayment. Any unpaid accrued interest at Maturity shall be payable upon Maturity.

(d) Interest Rate Computations. All interest hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable LIBOR Rate shall be determined by the Lender, and such determination shall be conclusive absent manifest error, and be binding upon the parties hereto.

Section 3.03 Prepayments.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with Section 3.03(b).

(b) Notice and Terms of Optional Prepayment. The Borrower shall notify the Lender by telephone (confirmed in writing, which may be electronic) of any prepayment hereunder not later than 12:00 noon, Houston time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the Borrowing to be prepaid, the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.05(b)(iii), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.05(b)(iii).

(c) Mandatory Prepayments. If, after giving effect to any termination or reduction of the Aggregate Maximum Credit Amounts pursuant to Section 2.05(b), the total outstanding principal amount of the Loans exceeds the total Commitments, then the Borrower shall prepay the Borrowings on the date of such termination or reduction in an aggregate principal amount equal to such excess. Each such prepayment of Borrowings shall be applied ratably to the Loans included in the prepaid Borrowings

(d) No Premium or Penalty. Prepayments permitted or required under this Section 3.03 shall be without premium or penalty.

Section 3.04 Fees.

(a) Collateral Monitoring Fees. The Borrower agrees to pay to the Lender a collateral monitoring fee of \$11,000.00 per month during the period from and including the date of this Agreement to but excluding the Maturity Date which fee shall be due and payable on each Interest Payment Date. No additional financial advisory or collateral monitoring fees of the Lender shall be billed to the Borrower. The parties agree that the commitment fee set forth in Section 3.04(b) is not a financial advisory fee.

(b) Commitment Fee. The Borrower agrees to pay on the date of the funding of the Interim Draw for the account of the Lender a nonrefundable commitment fee of \$75,000.00.

(c) Lender's Attorneys' Fees. The Borrower agrees to pay or reimburse to the Lender, or directly to Lender's counsel, as appropriate, the Lender's reasonable attorneys fees incurred in connection with the Chapter 11 Case.

ARTICLE IV
PAYMENTS; PRO RATA TREATMENT; SHARING OF SET-OFFS

Section 4.01 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Payments by the Borrower. The Borrower shall make each payment required to be made by it hereunder by check or wire transfer (whether of principal, interest or fees, or of amounts payable under Section 5.01 or otherwise) prior to 12:00 noon, Houston time, on the date when due, in immediately available funds and, subject to Section 5.01, without defense, deduction, recoupment, set-off or counterclaim. Fees, once paid, shall be fully earned and shall not be refundable under any circumstances. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its offices specified in Section 11.01, except that payments pursuant to Section 5.01 and Section 11.03 shall be made directly to the Persons entitled thereto. The Lender shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, and (ii) second, towards payment of principal then due hereunder..

Section 4.02 Disposition of Proceeds. All proceeds from sales or other dispositions of all or any portion of the Collateral other than in the ordinary course of business shall be applied first to payment of any outstanding Postpetition Debt.

ARTICLE V TAXES

Section 5.01 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any DIP Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.02(a)), the Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) Payment of Other Taxes by the Borrower. The Borrower shall pay any Other Post Petition Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Borrower. The Borrower shall indemnify the Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Lender with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 5.01) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that the Borrower shall not be required to indemnify the Lender, any Lender for any amounts under this Section 5.01(c) to the extent that such Person fails to notify the Borrower of its intent to make a claim for indemnification under this Section 5.01(c) within 180 days after a claim is asserted against such Person by the relevant Governmental Authority. A certificate of the Lender as to the amount of such payment or liability under this Section 5.01 shall be delivered to the Borrower and shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

**ARTICLE VI
CONDITIONS PRECEDENT**

Section 6.01 Effective Date. This Agreement shall become effective on the date (the "Effective Date") on which each of the following conditions shall have been met:

(a) The Lender shall have received a copy of the DIP Budget for the period immediately following the Effective Date through December 31, 2017, in form and substance satisfactory to the Lender.

(b) The Lender shall have received all commitment fees, facility fees, and all other fees and amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder (which condition may be satisfied with the proceeds of the initial advance under this Agreement on the Effective Date).

(c) The Lender shall have received from each party hereto counterparts (in such number as may be requested by the Lender) of this Agreement signed on behalf of such party.

(d) The Lender shall have received a certificate of insurance coverage of the Borrower evidencing that the Borrower is carrying insurance in accordance with Section 7.12.

(e) The Lender shall have received a certificate of a Responsible Officer of the Borrower certifying that the Borrower has received all consents and approvals required by Section 7.03.

(f) The Lender shall have received a reimbursement in the amount of \$20,000 for Lender's expenses incurred in connection with its due diligence conducted on the Borrower, Guarantor, and the Mortgaged Properties, including, without limitation, reasonable attorney fees incurred in connection therewith; Lender shall take this amount from the initial Borrowing.

(g) The Lender shall have received such other documents as the Lender reasonably request.

The Lender shall notify the Borrower of the Effective Date, and such notice shall be conclusive and binding.

Section 6.02 Each Credit Event. The obligation of the Lender to make a Loan on the occasion of any Borrowing (other than the initial funding) is subject to the satisfaction of the following conditions:

(a) At the time of and immediately after giving effect to such Borrowing, no Default shall have occurred and be continuing.

(b) The representations and warranties of the Borrower set forth in this Agreement and in the other DIP Loan Documents shall be true and correct in all material respects (unless such representation and warranty is already qualified by materiality, in which case such representation or warranty shall simply be true and correct) on and as of the date of such Borrowing, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date of such Borrowing, such representations and warranties shall continue to be true and correct as aforesaid as of such specified earlier date.

(c) The receipt by the Lender of a Borrowing Request in accordance with Section 2.03 together with such other documents as the Lender may reasonably request in support thereof.

(d) Subject to Permitted Variances, the Borrower shall be in compliance in all respects with the DIP Budget, and the amount requested in the relevant Borrowing Request shall be used to fund disbursements described in the DIP Budget.

(e) The Final Financing Order shall be in full force and effect and shall not have been vacated, stayed, reversed, modified or amended; provided that the Lender may approve any amendment or modification to the Financing Orders.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

Borrower and Guarantor represent and warrant to the Lender that:

Section 7.01 Organization; Powers.

(a) Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority, and has all material governmental licenses, authorizations, consents and approvals necessary, to own its assets and to carry on its business as now conducted, and is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where failure to have such power, authority, licenses, authorizations, consents, approvals and qualifications could not reasonably be expected to have a Material Adverse Effect.

(b) Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority, and has all material governmental licenses, authorizations, consents and approvals necessary, to own its assets and to carry on its business as now conducted, and is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where failure to have such power, authority, licenses, authorizations, consents, approvals and qualifications could not reasonably be expected to have a Material Adverse Effect.

Section 7.02 Authority; Enforceability. Upon entry of the Interim Financing Orders (or the Final Financing Order, as applicable) by the Bankruptcy Court, the Transactions are within

the Borrower's corporate, partnership or limited liability company powers and have been duly authorized by all necessary corporate, partnership or limited liability company and, if required, stockholder, partner or member action (including, without limitation, any action required to be taken by any class of directors of such Borrower or any other Person, whether interested or disinterested, in order to ensure the due authorization of the Transactions). Upon entry of the Interim Financing Orders (or the Final Financing Order, as applicable) by the Bankruptcy Court, each DIP Loan Document to which such Borrower is a party has been duly executed and delivered by such Borrower and constitutes a legal, valid and binding obligation of such Borrower, as applicable, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer or conveyance, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, and an implied covenant of good faith and fair dealing.

Section 7.03 Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other third Person (including shareholders or any class of directors, whether interested or disinterested, of such Borrower or any other Person), nor is any such consent, approval, registration, filing or other action necessary for the validity or enforceability of any DIP Loan Document or the consummation of the transactions contemplated thereby, except such as have been obtained or made and are in full force and effect other than (i) the entry by the Bankruptcy Court of the Interim Financing Orders or the Final Financing Order, as applicable, or (ii) those third party approvals or consents which, if not made or obtained, would not cause a Default hereunder, could not reasonably be expected to have a Material Adverse Effect or do not have an adverse effect on the enforceability of the DIP Loan Documents (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of such Borrower or any Affiliate or any order of any Governmental Authority, and (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon such Borrower or any Affiliate or its Properties, or give rise to a right thereunder to require any payment to be made by such Borrower or such Affiliate.

Section 7.04 Financial Condition; No Material Adverse Change.

(a) Other than arising as a result of the commencement of the Chapter 11 Case, (i) since October 1, 2017, there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect and (ii) as of the date hereof, and except for changes resulting from the commencement and administration of the Chapter 11 Case, the business of such Borrower has been conducted only in the ordinary course consistent with past business practices.

(b) The DIP Budget delivered to the Lender as of the Effective Date, and each update to the DIP Budget delivered in accordance with this Agreement represents, and will represent when provided after the Effective Date, such Borrower's good faith reasonable estimate of its future performance for the periods covered thereby, based on assumptions believed by such Borrower to be reasonable at the time of delivery thereof.

(c) On and after the date of delivery of any Variance Report in accordance with this Agreement, such Variance Report shall be complete and correct and fairly present in all material respects the results of operations of the Borrower for the period covered thereby and in the detail purported to be covered thereby.

Section 7.05 Litigation.

(a) Except for the Chapter 11 Case and the items listed on Schedule 7.05, there are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of such Borrower, threatened against or affecting Borrower, as the case may be, that is (i) not fully covered by insurance (except for normal deductibles) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that seek to enjoin the performance of any DIP Loan Document or the Transactions.

(b) Since the date of this Agreement, there has been no change that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

Section 7.06 Environmental Matters. Except for such matters set forth on Schedule 7.06 or that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Borrower:

(a) the Borrower and Guarantor and each of their respective Properties and operations thereon are, and within all applicable statute of limitation periods have been, in compliance with all applicable Environmental Laws.

(b) the Borrower and Guarantor have obtained all Environmental Permits required for their respective operations and each of their Properties, with all such Environmental Permits being currently in full force and effect, and the Borrower and Guarantor havenot received any written notice or otherwise have knowledge that any such existing Environmental Permit will be revoked or that any application for any new Environmental Permit or renewal of any existing Environmental Permit will be protested or denied.

(c) there are no claims, demands, suits, orders, inquiries, or proceedings concerning any violation of, or any liability (including as a potentially responsible party) under, any applicable Environmental Laws that is pending or, to the Borrower's knowledge or the Guarantor's knowledge, threatened against the Borrower or Guarantor or any of their respective Properties or as a result of any operations at such Properties.

(d) none of the Properties of the Borrower or Guarantor contain or have contained any: (i) underground storage tanks; (ii) asbestos-containing materials in a condition in violation of any applicable standard under Environmental Law; (iii) landfills or dumps; (iv) hazardous waste management units as defined pursuant to RCRA or any comparable state law; or (v) sites on or nominated for the National Priority List

promulgated pursuant to CERCLA or any state remedial priority list promulgated or published pursuant to any comparable state law.

(e) there has been no Release or, to the Borrower's or Guarantor's knowledge, threatened Release, of Hazardous Materials in violation of any applicable Environmental Law at, on, under or from the Borrower's, Guarantor's, or any Affiliate's Properties, there are no investigations, remediations, abatements, removals, or monitoring of Hazardous Materials required under applicable Environmental Laws at such Properties.

(f) Neither the Borrower or Guarantor have received any written notice asserting an alleged liability or obligation under any applicable Environmental Laws with respect to the investigation, remediation, abatement, removal, or monitoring of any Hazardous Materials at, under, or Released or threatened to be Released from any real properties offsite any Borrower's or Guarantor's Properties and, to Borrower's and Guarantor's knowledge, there are no conditions or circumstances that could reasonably be expected to result in the receipt of such written notice.

(g) to the Borrower's and Guarantor's knowledge, there has been no exposure of any Person or Property to any Hazardous Materials as a result of or in connection with the operations and businesses of any the Properties of the Borrower or Guarantor that could reasonably be expected to form the basis for a claim for damages or compensation.

(h) the Borrower and Guarantor have provided to the Lender access to all material environmental site assessment reports, investigations and written studies (including those relating to any alleged non-compliance with or liability under Environmental Laws) that are in the Borrower's possession or control and relating to its Properties or operations thereon.

Section 7.07 Disclosure; No Material Misstatements. Taken as a whole, none of the other reports, financial statements, certificates or other written information furnished by or on behalf of the Borrower and Guarantor to the Lender or any of their Affiliates in connection with the negotiation of this Agreement or any other DIP Loan Document or delivered hereunder or under any other DIP Loan Document (as modified or supplemented by other information so furnished), when furnished, contains any known material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading (other than omissions that pertain to matters of a general economic nature or matters of public knowledge that generally affect any of the industry segments of such Borrower); provided that, with respect to projected financial information such Borrower or Guarantor represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time, recognizing that there are industry-wide risks normally associated with the types of business conducted by such Borrower or Guarantor.

Section 7.08 Insurance. The Borrower and Guarantor have (a) all insurance policies sufficient for its compliance with all material Governmental Requirements and all material agreements and (b) insurance coverage in at least amounts and against such risk (including, without limitation, public liability) that are usually insured against by companies similarly

situated and engaged in the same or a similar business for the assets and operations of the Borrower and Guarantor. The Lender has been named as additional insured in respect of such liability insurance policies and the Lender has been named as loss payee with respect to Property loss insurance.

Section 7.09 Restriction on Liens.

(a) The Borrower is not a party to any material agreement or arrangement on the Effective Date, subject to any order, judgment, writ or decree, which either restricts or purports to restrict its ability to grant Liens to the Lender on or in respect of their Properties to secure the DIP Obligations and the DIP Loan Documents.

(b) The Guarantor is not a party to any material agreement or arrangement on the Effective Date, subject to any order, judgment, writ or decree, which either restricts or purports to restrict its ability to grant Liens to the Lender on or in respect of their Properties to secure the DIP Obligations and the DIP Loan Documents.

Section 7.10 [Reserved]

Section 7.11 Location of Business and Offices. (a) Borrower's jurisdiction of organization is Louisiana; the name of Borrower as listed in the public records of its jurisdiction of organization is Offshore Specialty Fabricators, LLC; and the organizational identification number of Borrower in its jurisdiction of organization is 34302840K (or, in each case, as set forth in a notice delivered to the Lender pursuant to Section 8.01(m) in accordance with Section 12.01). Borrower's principal place of business and chief executive offices are located at the address specified in Section 12.01 (or as set forth in a notice delivered pursuant to Section 8.01(m) and Section 12.01(c)). (b) Each Affiliate's jurisdiction of organization, name as listed in the public records of its jurisdiction of organization, organizational identification number in its jurisdiction of organization, and the location of its principal place of business and chief executive office is set forth in a notice to be delivered pursuant to Section 8.01(m).

Section 7.12 Properties; Titles, Etc. Except as could not reasonably be expected to have a Material Adverse Effect: Borrower or Guarantor has good and defensible title to the Mortgaged Properties and good title to all the personal Properties of each that are necessary to permit Borrower, Guarantor, and any Affiliates of the foregoing to conduct their business in all material respects in the same manner as its business has been conducted prior to the date hereof, and in each case, free and clear of all Liens except Liens permitted by Section 9.02.

(a) All material leases and agreements necessary for the conduct of the business of the Borrower or Guarantor are valid and subsisting, in full force and effect, and there exists no default or event or circumstance which with the giving of notice or the passage of time or both would give rise to a default under any such lease or leases.

(b) The rights and Properties presently owned, leased or licensed by such Borrower or Guarantor including, without limitation, all easements and rights of way, include all rights and Properties necessary to permit such Borrower or Guarantor to conduct their business in all material respects in the same manner as its business has been conducted prior to the date hereof.

(c) All of the Properties of such Borrower or Guarantor which are reasonably necessary for the operation of its businesses are in good working condition (normal wear and tear excepted) and are maintained in accordance with prudent business standards.

(d) Such Borrower or Guarantor owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual Property material to its business, and the use thereof by such Borrower or Guarantor does not infringe upon the rights of any other Person. Such Borrower or Guarantor either owns or has valid licenses or other rights to use all databases, engineering data, maps, interpretations and other technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use of the same.

Section 7.13 Maintenance of Properties. All plants, platforms and other material improvements, fixtures and equipment owned in whole or in part by Borrower or Guarantor that are necessary to conduct normal operations are being maintained in a state adequate to conduct normal operations, and with respect to such of the foregoing which are operated by such Borrower or Guarantor, in a manner consistent with the Borrower's or Guarantor's past practices.

Section 7.14 [Reserved]

Section 7.15 [Reserved]

Section 7.16 Swap Agreements.

- (a) As of the Petition Date, Borrower has no outstanding Swap Agreements.
- (b) As of the Petition Date, Guarantor has no outstanding Swap Agreements.

Section 7.17 Use of Loans. The Borrower and Guarantor shall not engage principally, or as one of its or their important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying margin stock (within the meaning of Regulation T, U or X of the Board). The use of proceeds from the Loans as contemplated hereunder complies in all respects with the applicable Financing Order and Applicable Law.

Section 7.18 Reorganization Matters.

(a) The Chapter 11 Case was commenced on the Petition Date and proper notice has been given of (x) the motion seeking approval of the DIP Loan Documents and the Financing Orders, and (y) the hearing for the approval of the Final Financing Order.

(b) The Interim Financing Orders (with respect to the period prior to entry of the Final Financing Order) or the Final Financing Order (with respect to the period on and after entry of the Final Financing Order), as the case may be, is filed or in full force and effect and has not been reversed, stayed, modified or amended.

**ARTICLE VIII
AFFIRMATIVE COVENANTS**

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder and all other amounts payable under the DIP Loan Documents shall have been paid in full in immediately available, Borrower and Guarantor covenant and agree with the Lender that:

Section 8.01 Financial Statements; Other Information. Borrower and Guarantor will furnish to the Lender:

- (a) [Reserved].
- (b) Monthly Operating Reports. Borrower will provide to Lender copies of the monthly operating reports in the form proscribed by the Office of the United States Trustee as soon as available on a monthly basis, but in any event not later than 20th day of each month for the preceding month.
- (c) Notices Under Materials Instruments. Promptly after the furnishing thereof, subject to applicable confidentiality requirements, copies of any financial statement, report or notice furnished to or by any Person pursuant to the terms of any preferred stock designation, indenture, loan or credit or other similar agreement, other than this Agreement and not otherwise required to be furnished to the Lender pursuant to any other provision of this Section 8.01.
- (d) Notice of Casualty Events. Prompt written notice, and in any event within three Business Days, of the occurrence of any Casualty Event or the commencement of any action or proceeding that could reasonably be expected to result in a Casualty Event.
- (e) Information Regarding Borrower. At least 20 days' prior written notice of any change (i) in Borrower's or Guarantor's corporate name, (ii) in Borrower's or Guarantor's identity or corporate structure or in the jurisdiction in which such Person is incorporated or formed, (iii) in Borrower's or Guarantor's jurisdiction of organization, and (iv) in Borrower's or Guarantor's Federal taxpayer identification number.
- (f) Notices of Certain Changes. Promptly, but in any event within 10 Business Days after the execution thereof, copies of any amendment, modification or supplement to the certificate or articles of incorporation, by-laws, any preferred stock designation or any other organic document of Borrower or Guarantor.
- (g) Budgets. The proceeds of Loans may only be used to pay those costs and expenses contained in the DIP Budget, at the times and for the purposes identified in such DIP Budget. In the event of unfavorable variances of up to 10% on budgeted expense items for a given week (the "Permitted Variance"), Borrower may use the proceeds of Loans to pay such variance without the need for advance approval from the Lender. In the event of unfavorable variances in excess of the Permitted Variance for a given week, however, Borrower must receive advance approval from the Lender to pay such amounts in excess of the Permitted Variance. Such approval will not be unreasonably withheld by

the Lender. The Borrower shall provide the DIP Budget on a weekly basis to the DIP Lender, showing actual amounts spent for such week. Emergency expense requests will be submitted to the Lender as soon as practical for the Lender's approval; provided, however, that expenditures required to be made to prevent imminent physical injuries to employees or immediate damage to the environment may be made to the extent of the availability under the Loans prior to approval out of available cash. The DIP Budget, and any modification to or amendment or update of the DIP Budget, shall be in form and substance acceptable to the Lender, in its sole and absolute discretion. The DIP Budget may be amended or modified in writing from time to time only with the written consent of the Lender, such approval not to be unreasonably withheld, and such amendment or modification shall not require the consent of the U.S. Trustee or approval of the Court. The Borrower shall update the DIP Budget from time to time, with such changes to be made promptly upon learning of a material change in expected revenues or expenses, and in any event at least once per month (provided that any update shall be in form and substance acceptable to the Lender, and shall be only deemed to be amended or modified based on their written consent), in accordance with the Agreement, the Interim Financing Orders, and the Final Financing Order. Any such modification of the DIP Budget, other than regular updates, shall be filed with the Court.

(h) Budget Compliance Certificates. Borrower will certify to the Lender a budget to actuals by the 15th of each month for the preceding month.

(i) Bankruptcy Court Filings. To the extent practicable, delivery for review and comment prior to filing all material pleadings, motions and other documents (provided that any of the foregoing relating to this Agreement shall be deemed material) to be filed on behalf of the Borrower.

(j) Chapter 11 Case. Promptly from time to time, deliver to the Lender and its legal counsel copies of all pleadings, motions, applications, judicial information, financial information and other documents filed by or on behalf of the Borrower with the Bankruptcy Court or distributed by Borrower to any official committee appointed in the Chapter 11 Case.

(k) Third Party Sale Interests. (i) Within five Business Days of receipt thereof by the Borrower, a copy of each Third Party Sale Interest in the exact form received (it being understood that the Borrower, in addition to relaying the Third Party Sale Interest in the exact form such Person received it, may include any written summary or commentary relating thereto that it considers appropriate); and (ii) promptly, from time to time, a description of material developments with respect to each Third Party Sale Interest previously disclosed to the Lender in connection herewith.

(l) [Reserved]

(m) Other Requested Information. Promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or Guarantor (including, without limitation, any Benefit Plan and any reports or other information required to be filed with respect thereto under the Code or

under ERISA and the other certificates, statements or other reports required to be delivered pursuant to this Article VIII), or compliance with the terms of this Agreement or any other DIP Loan Document, as the Lender may reasonably request.

Section 8.02 Notices of Material Events. After a Responsible Officer has obtained actual knowledge thereof, Borrower or Guarantor, as applicable, will furnish to the Lender prompt written notice of the following:

- (a) the occurrence of any Default;
- (b) the filing or commencement of, or the threat in writing of, any action, suit, proceeding, investigation or arbitration by or before any arbitrator or Governmental Authority against or affecting Borrower, Guarantor, or any Affiliate of the foregoing not previously disclosed in writing to the Lender or any material adverse development in any action, suit, proceeding, investigation or arbitration (whether or not previously disclosed to the Lender) that, in either case, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and
- (c) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section 8.02 shall be accompanied by a statement of a Responsible Officer setting forth in reasonable detail of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 8.03 Existence; Conduct of Business. Each of the Borrower and Guarantor will do or cause to be done all things necessary to preserve, renew and keep in full force and effect (i) its legal existence and (ii) the rights, licenses, permits, privileges and franchises material to the conduct of its business and maintain, if necessary, its qualification to do business in each other jurisdiction in which the ownership of its Properties requires such qualification, except where the failure to do any of the foregoing as to clause (ii) could not reasonably be expected to have a Material Adverse Effect.

Section 8.04 Payment of Obligations.

(a) Except as otherwise provided in any order entered by the Bankruptcy Court in the Chapter 11 cases, the Borrower will pay its Post-Petition obligations, including Tax liabilities of the Borrower before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower has set aside on its books adequate reserves with respect thereto and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect or result in the seizure or levy of any material Property of the Borrower.

(b) The Guarantor will pay its obligations, including Tax liabilities of the Guarantor before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Guarantor has set aside on its books adequate reserves with respect thereto and (c)

the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect or result in the seizure or levy of any material Property of the Guarantor.

Section 8.05 Performance of Obligations under DIP Loan Documents. The Borrower (or the Guarantor, in accordance with the Guaranty) will pay the Loans according to the terms of this Agreement, and the Financing Orders, and the Borrower and Guarantor will do and perform every act and discharge all of the obligations to be performed and discharged by them under this Agreement, at the time or times and in the manner specified.

Section 8.06 [Reserved]

Section 8.07 Insurance. Subject to any necessary approval of the Bankruptcy Court, the Borrower and Guarantor will maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations. The loss payable clauses or provisions in said insurance policy or policies insuring any of the Collateral for the Loans shall be endorsed in favor of the Lender as its interests may appear and such policies shall name the Lender as "additional insured" and provide that the insurer will endeavor to give at least 30 days prior notice of any cancellation to the Lender.

Section 8.08 Books and Records; Inspection Rights. The Borrower and Guarantor will keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to business and activities of each. The Borrower and Guarantor will permit any representatives designated by the Lender, upon reasonable prior notice, to visit and inspect their Properties, to examine and make extracts from its books and records, and to discuss their affairs, finances and condition with their officers and independent accountants, all at such reasonable times and as often as reasonably requested. The cost of each such inspection and examination shall be included in within the Collateral Monitoring Fee.

Section 8.09 Compliance with Laws. The Borrower and Guarantor will comply with all laws, rules, regulations and orders (including the Financing Orders and other requirements imposed in connection with the Chapter 11 Case) of any Governmental Authority applicable to it or its Property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 8.10 Environmental Matters.

(a) The Borrower and Guarantor shall at their sole expense: (i) comply, and shall cause their Properties and operations to comply, with all applicable Environmental Laws, the breach of which could be reasonably expected to have a Material Adverse Effect; (ii) not Release or threaten to Release any Hazardous Material on, under, about or from any of the Borrower's, Guarantor's, or any other property offsite the Properties to the extent caused by Borrower's or Guarantor's operations except in compliance with applicable Environmental Laws, the Release or threatened Release of which could reasonably be expected to have a Material Adverse Effect; (iii) timely obtain or file all Environmental Permits, if any, required under applicable Environmental Laws to be

obtained or filed in connection with the operation or use of Borrower or Guarantor, which failure to obtain or file could reasonably be expected to have a Material Adverse Effect; (iv) promptly commence and diligently prosecute to completion, and shall cause each Affiliate to promptly commence and diligently prosecute to completion, any assessment, evaluation, investigation, monitoring, containment, cleanup, removal, repair, restoration, remediation or other remedial obligations (collectively, the "**Remedial Work**") in the event any Remedial Work is required or reasonably necessary under applicable Environmental Laws because of or in connection with the actual or suspected past, present or future Release or threatened Release of any Hazardous Material on, under, about or from any of Borrower's or Guarantor's Property, which failure to commence and diligently prosecute to completion would reasonably be expected to have a Material Adverse Effect; (v) conduct their respective operations and businesses in a manner that will not expose any Property or Person to Hazardous Materials that would reasonably be expected to form the basis for a claim for damages or compensation that would reasonably be expected to have a Material Adverse Effect; and (vi) implement such procedures as may be necessary to assure that Borrower's and Guarantor's obligations under this Section 8.10(a) are timely and fully satisfied, which failure to establish and implement could reasonably be expected to have a Material Adverse Effect.

(b) The Borrower or Guarantor, as applicable, will promptly, but in no event later than five days after obtaining knowledge of the occurrence of a triggering event, notify the Lender in writing of any threatened action, investigation or inquiry by any Governmental Authority or any threatened demand or lawsuit by any Person against Borrower or its Properties in connection with any Environmental Laws if the Borrower could reasonably anticipate that such action will result in liability (whether individually or in the aggregate) in excess of \$50,000, not covered by insurance, subject to normal deductibles.

Section 8.11 Further Assurances.

(a) Regardless of any provision of the Financing Orders providing that such Financing Order is sufficient and conclusive evidence of the validity, perfection and priority of the Liens granted to the Lender on the Collateral without the necessity for any filing or recording of any financing statement or other instrument or document which may otherwise be required under the laws of any jurisdiction or the taking of any action to validate or perfect such liens or to provide for the priorities described herein, Borrower and Guarantor, as applicable, agree that each, at its sole expense, will promptly execute and deliver to the Lender documents, agreements and instruments reasonably requested by the Lender to comply with, cure any defects or accomplish the conditions precedent, covenants and agreements of the Borrower or the Guarantor in the DIP Loan Documents, or to further evidence and more fully describe the collateral intended as security for the DIP Obligations, or to correct any omissions in this Agreement, or to state more fully the obligations secured therein, or to perfect, protect or preserve any Liens created pursuant to this Agreement or the priority thereof, or to make any recordings, file any notices or obtain any consents, all as may be reasonably necessary or appropriate, in the sole discretion of the Lender, in connection therewith.

(b) Borrower hereby irrevocably authorizes the Lender at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral with respect to the Borrower (i) as “all assets of Borrower excluding the WILLIAM KALLOP or SWING THOMPSON and any causes of action and proceeds under §§ 544, 547, 548, 550, 551 and 553 of the Bankruptcy Code,” or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of any applicable jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of any applicable jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether Borrower is an organization and the type of organization and, (ii) in the case of a financing statement filed as a fixture filing, a sufficient description of real property to which the Collateral relates. Borrower agrees to furnish any such information to the Lender and the other Secured Parties promptly upon the Lender’s or any other Secured Party’s request.

(c) Guarantor hereby irrevocably authorizes the Lender at any time and from time to time to file in any filing office in any jurisdiction any Mortgage records or related documents relating to the Lender’s liens on the Mortgage Property.

Section 8.12 Use of Proceeds. The proceeds of the Loans shall be used to: (x) to finance working capital needs, specified capital expenditures and general corporate purposes of the Borrower, all in accordance with the applicable DIP Budget; (y) to pay the fees, costs and expenses incurred by the Borrower in connection with the Chapter 11 Case; and (z) to pay interest to and the fees, costs, and expenses of the Lender.

Section 8.13 Lender Meetings. The Borrower and Guarantor shall cause its senior management, and in the Borrower’s case, its CRO, to participate in a meeting with the Lender at the request of the Lender and, in any case, not more than once during each calendar week at a time mutually agreeable to the Lender and the Borrower or Guarantor.

Section 8.14 Data Room. To the extent a sales process is commenced, the Borrower shall maintain a “due diligence” data room (which may be “”electronic) during the sale process set forth in the Sale Procedures Order which shall be accessible by the Lender to the same extent as access is given to third party bidders in accordance with the Sale Procedures Order.

Section 8.15 [Reserved]

Section 8.16 Milestones. The Borrower agrees that:

(a) A bid deadline (the “**Bid Deadline**”) for the receipt of qualified bids from qualified bidders shall have occurred on or before 11:59 p.m. (prevailing Central Time, on January 15, 2018 (or such later date and time as the Lender shall agree, in its sole discretion).

(b) The Bankruptcy Court shall have entered an order approving the Proposed Section 363 Sale on or before January 23, 2018, which shall be in form and substance acceptable to the Lender.

Section 8.17 Compliance with DIP Budget. The Borrower shall ensure that, when measured as of each Variance Reporting Date:

(a) the Borrower's total disbursements on an aggregate basis for the prior four week period then ended, were not more than 110% of the aggregate projected disbursements included in the applicable DIP Budget(s) for such period.

ARTICLE IX NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder and all other amounts payable under the DIP Loan Documents have been paid in full in immediately available funds, Borrower and Guarantor covenant and agree with the Lender that:

Section 9.01 Debt. The Borrower will not incur, create, assume or suffer to exist any Debt, except:

(a) the DIP Obligations; and

(b) Debt existing as of the Petition Date none of the instruments or agreements governing such Debt may be amended, modified or supplemented after the Effective Date to change any terms of subordination, repayment or rights of conversion, put, exchange or other similar rights from such terms and rights in effect on the Petition Date).

Section 9.02 Liens.

(a) The Borrower will not incur or seek to incur debt secured by a lien which is equal to or superior to the Liens for the DIP Obligations, or which is given superpriority administrative expense status under Code § 364(c)(1), unless, in addition to the satisfaction of all requirements of § 364 of the Code: (1) the Lender has consented to such order; or (2) such credit or debt is used to pay the DIP Obligations in full, in cash, immediately upon the entry of such order.

(b) The Guarantor will not incur or seek to incur debt secured by a lien which is equal to or superior to the Liens on its Property granted under this Agreement, the Guaranty, or the Mortgage unless, in addition to the satisfaction of all requirements of § 364 of the Code: (1) the Lender has consented to such credit or debt; or (2) such credit or debt is used to pay the DIP Obligations in full, in cash, immediately upon the entry of such order.

Section 9.03 Restricted Payments. The Borrower and Guarantor will not declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, return any capital

to either of their stockholders or make any distribution of their Property to either of their Equity Interest holders; provided that Guarantor may declare and pay dividends, or make other distributions, to Borrower (but not to any other Person).

Section 9.04 Prepayments, etc. of Debt. The Borrower and Guarantor will not (i) prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt (other than the Loans and the other obligations under the DIP Loan Documents), or (ii) amend, modify or change in any manner any term or condition of any Debt of the Borrower or Guarantor or any lease so that the terms and conditions thereof are less favorable to the Lender than the terms of such Debt or lease as of the Effective Date.

Section 9.05 International Operations. From and after the date hereof, the Borrower and Guarantor will not acquire or make any other expenditure (whether such expenditure is capital, operating or otherwise) in or related to, any Properties not located within the geographical boundaries of the United States of America.

Section 9.06 Proceeds of Loans. The Borrower will not permit the proceeds of the Loans to be used for any purpose other than as set forth in the Financing Orders.

Section 9.07 Sale or Discount of Receivables. Except for receivables obtained by the Borrower out of the ordinary course of business or the settlement of joint interest billing accounts in the ordinary course of business or discounts granted to settle collection of accounts receivable or the sale of defaulted accounts arising in the ordinary course of business in connection with the compromise or collection thereof and not in connection with any financing transaction, Borrower will not discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

Section 9.08 Mergers, Etc. The Borrower or Guarantor will not merge into or with or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of their respective Property to any other Person (whether now owned or hereafter acquired) (any such transaction, a "consolidation"), or liquidate or dissolve.

Section 9.09 Transactions with Affiliates. The Borrower and Guarantor will not enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property or the rendering of any service, with any Affiliate which is on terms which are less favorable than are obtainable from any Person which is not one of its Affiliates.

Section 9.10 Affiliates. The Borrower and Guarantor will not create or acquire any Affiliate.

Section 9.11 Negative Pledge Agreements; Dividend Restrictions. The Borrower and Guarantor will not create, incur, assume or suffer to exist any contract, agreement or understanding which in any way prohibits or restricts the granting, conveying, creation or imposition of any Lien on any of their respective Property in favor of the Lender or restricts any Affiliate from paying dividends or making distributions to Borrower or Guarantor, or which requires the consent of or notice to other Persons in connection therewith; provided, however,

that the preceding restrictions will not apply to encumbrances or restrictions arising under or by reason of this Agreement.

Section 9.12 [Reserved]

Section 9.13 Swap Agreements.

- (a) The Borrower will not enter into any Swap Agreements with any Person.
- (b) The Guarantor will not enter into any Swap Agreements with any Person.

Section 9.14 [Reserved]

Section 9.15 No Surcharge. The Borrower and Guarantor will not assert any charges under Section 506(c) of the Bankruptcy Code against any Collateral.

Section 9.16 No Superpriority Claims. The Borrower will not permit to exist any claims entitled to a superpriority under Section 364(c)(1) of the Bankruptcy Code, other than those of the Lender.

Section 9.17 Expenditures. The Borrower shall use proceeds of the Loans solely: (1) in accordance with the terms and provisions of the Financing Orders, and (2) to the extent required to pay those expenses enumerated in the Budget, as and when such expenses become due and payable, subject to the Permitted Variance.

Section 9.18 Employee Matters. The Borrower shall not implement a Key Employee Retention Program or Key Employee Incentive Plan unless they are reasonably satisfactory to the Lender in form and amounts, are certified by the CRO as reasonably necessary for the preservation of the estate and are approved by the Bankruptcy Court and provided for in the DIP Budget and/or from the proceeds of the Collateral as approved by the Lender in its sole and absolute discretion. Borrower may implement a Key Employee Incentive Plan without consent of Lender so long as such incentive payments are owed and paid after the DIP Obligations have been paid in full.

ARTICLE X EVENTS OF DEFAULT; REMEDIES

Section 10.01 Events of Default. One or more of the following events shall constitute an "Event of Default":

(a) Borrower shall fail to pay any principal or interest on any Loan or any fee or any other amount of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof, by acceleration or otherwise.

(b) The occurrence of an Event of Default under any of the DIP Loan Documents including, without limitation, the Guaranty.

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or Guarantor in or in connection with any DIP Loan Document or any amendment or modification of any DIP Loan Document or waiver under such DIP Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any DIP Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been knowingly incorrect in any material respect when made or deemed made (unless such representation or warranty was already qualified by materiality, in which case such representation or warranty shall simply have been true and correct).

(d) Borrower or Guarantor shall fail to observe or perform any covenant, condition or agreement (other than those Events of Default otherwise provided in this Section 10.01) contained in this Agreement or any other DIP Loan Document, and such failure shall continue unremedied for a period of 30 days after the earlier to occur of (i) notice thereof from the Lender to Borrower and Guarantor, (ii) a Responsible Officer of Borrower or Guarantor otherwise becomes aware of such failure.

(e) except as a result of the commencement of the Chapter 11 Case, and to the extent the relevant holder remains subject to the automatic stay imposed thereby, the Borrower shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any material indebtedness, when and as the same shall become due and payable.

(f) the Guarantor shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any material indebtedness, when and as the same shall become due and payable.

(g) except as a result of the commencement of the Chapter 11 Case, and to the extent the relevant holders remain subject to the automatic stay imposed thereby, any event or condition occurs that results in scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any material indebtedness or any trustee or agent on its or their behalf to cause any material indebtedness to become due, or to require the redemption thereof or any offer to redeem to be made in respect thereof, prior to its scheduled maturity or require the Borrower to make an offer in respect thereof provided that this shall not apply to secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt.

(h) any event or condition occurs that results in scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any material indebtedness or any trustee or agent on its or their behalf to cause any material indebtedness to become due, or to require the redemption thereof or any offer to redeem to be made in respect thereof, prior to its scheduled maturity or require the Guarantor to make an offer in respect thereof provided that this shall not apply to secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt.

(i) the Bankruptcy Court shall enter, or Borrower or Guarantor shall seek or support the entry of, any order (i) amending, supplementing, altering, staying, vacating, rescinding or otherwise modifying the Interim Financing Orders, the Final Financing Order, the Proposed Section 363 Sale Order or any other order in any manner which could reasonably be expected to result in a Material Adverse Effect, (ii) appointing a chapter 11 trustee that is not appointed as a result of a motion filed by the Lender, or a responsible officer or an examiner pursuant to Section 1104 of the Bankruptcy Code with enlarged powers relating to the operation of the business of such Borrower (powers beyond those set forth in Section 1106(a)(3) and (4) and 1106(b) of the Bankruptcy Code) of the Bankruptcy Code in the Chapter 11 Case unless such motion is agreed to by the Lender, (iii) dismissing the Chapter 11 Case or converting the Chapter 11 Case to a Chapter 7 case, (iv) granting relief from the automatic stay under Section 362 of the Bankruptcy Code to the holder of any claim against Borrower, which order enables the holder of such claim to exercise any right or remedy against any property of Borrower, or (v) except with respect to the Proposed 363 Sale, approving the sale, transfer, lease, exchange, alienation or other disposition of all or substantially all of the assets, properties or Equity Interests of Borrower or Guarantor pursuant to Section 363 of the Bankruptcy Code or otherwise, without the consent of the Lender and approval of the Bankruptcy Court.

(j) Borrower or Guarantor shall seek to, or shall support (in any such case by way of motion or other pleading filed with the Bankruptcy Court or any other writing to another party-in-interest executed by or on behalf of Borrower) any other Person's motion to, disallow in whole or in part any Lender's claim or to challenge the validity and enforceability of the Liens in favor of the Lender.

(k) An application shall be filed by Borrower or Guarantor for the approval of, or there shall otherwise arise, any other Superpriority Claim in the Chapter 11 Case which is *pari passu* with or senior to the claims of the Lender against Borrower unless after giving effect to the transactions contemplated by such application, all DIP Obligations (whether contingent or otherwise) shall be paid in full in cash.

(l) The entry of an order authorizing the obtaining of credit or the incurrence of Debt by Borrower that is secured by a Lien on any or all of the Collateral, which is senior to or *pari passu* with the security interests and liens against the Collateral that is granted to the Lender.

(m) The obtaining of credit or the incurrence of Debt by Guarantor that is secured by a Lien on any or all of the Collateral, which is senior to or *pari passu* with the security interests and liens against the Collateral that is granted to the Lender.

(n) The Final Financing Order shall not have been entered by the Bankruptcy Court on or before December 7, 2017, or from and after the date of entry thereof, the Final Financing Order shall cease to be in full force and effect (or shall have been vacated, stayed for a period in excess of five days, reversed, modified or amended), in each case without the consent of the Lender.

(o) Borrower shall make any payment on any Debt incurred before the Petition Date, other than as permitted under the Financing Orders, the DIP Budget or as permitted hereunder and other than any payment of any Debt approved by the Bankruptcy Court.

(p) The Borrower or Guarantor shall fail to comply with the terms of the Financing Orders.

(q) Except as identified on Schedule 10(m), any final judgments shall be entered against Borrower, Guarantor, or any Affiliate of the foregoing that owns an interest in the Collateral after the Petition Date and shall not have been paid, discharged or vacated or had execution thereof stayed pending appeal within 30 days after entry or filing of such judgments; or there shall be entered against Borrower or Guarantor a non-monetary judgment, order or decree with respect to any claim or liability that accrued after the Petition Date which has or could be reasonably expected to have a Material Adverse Effect, and there shall be any period of thirty consecutive days during which a stay of enforcement of such judgment, decree or order, by reason of a pending appeal or otherwise, shall not be in effect.

(r) The DIP Loan Documents after delivery thereof shall for any reason, except to the extent permitted by the terms thereof, cease to be in full force and effect and valid, binding and enforceable in accordance with their terms against Borrower or Guarantor or shall be repudiated by either of them, or cease to create a valid and perfected Lien of the priority required thereby on any of the Collateral purported to be covered thereby, except to the extent permitted by the terms of this Agreement, or Borrower or Guarantor shall so state in writing.

(s) The commencement of any action against the Lender by or on behalf of Borrower or Guarantor or any of their respective agents.

(t) David Weinhoffer shall cease to serve as the CRO of the Borrower and is not replaced within seven days by a Person acceptable to the Lender.

(u) The entry of an order authorizing recovery by any Person from the Collateral or any adequate protection Liens granted with respect thereto for any costs of preservation or disposition thereof under Section 506(c) of the Bankruptcy Code or (except as provided in the Final Financing Order) authorizing the use of cash collateral without consent in writing by the Lender. Notwithstanding the foregoing, it shall only be a default hereunder if a Lien securing the DIP Obligations is impaired or if the Borrower is required to make payments out of the Loan proceeds or the Collateral which are neither in the budget approved by the Lender or otherwise consented to by the Lender. It is expressly understood that the granting of a lien junior to the Lender shall not be considered an impairment.

(v) The entry of an order granting adequate protection with respect to pre-petition Debt, other than as provided in the Interim Financing Orders or the Final Financing Order, or as otherwise approved by the Lender and the Bankruptcy Court.

(w) The filing by Borrower or Guarantor of any motion or proceeding which could reasonably be expected to result in material impairment of the Lender's rights under this Agreement; or a final determination by the Bankruptcy Court (or any other court of competent jurisdiction) with respect to any motion or proceeding brought by any other party which results in any material impairment of the Lender's rights under this Agreement.

(x) Borrower or Guarantor shall file, support, or seek confirmation of a plan of reorganization or liquidation, or such plan of reorganization or liquidation shall be confirmed in the Chapter 11 Case, which does not provide for both termination of the Commitment and payment in full of the DIP Obligations in cash on the effective date of such plan, without the prior written consent of the Lender.

(y) The entry of an order dismissing the Chapter 11 Case that does not provide for the termination of the Commitment and payment in full of the DIP Obligations in cash prior to dismissal, without the prior written consent of the Lender.

(z) Any motions to sell the Collateral or approve procedures regarding the same, any plan or disclosure statement or supplements or amendments thereto, or any orders approving or amending any of the foregoing, are not in form and substance reasonably acceptable to the Lender.

(aa) A statutory receiver other than David Weinhoffer (or such other Person to whom the Lender may consent, in its sole discretion) is appointed.

(bb) The Borrower shall exceed the aggregate amount of line items for any given week in the DIP Budget by more than ten percent (10%) without advance approval from the Lender.

(cc) One or more of the milestones listed in Section 8.16 shall not be met and the Lender has not consented to an extension of time for such milestone(s) to be achieved.

Section 10.02 Notice to Cure. In the event of a Default, Lender shall give Borrower and Guarantor 10 day's written notice to cure. If the Borrower or Guarantor fails to cure by the end of the 10 day period, then Lender may exercise the remedies set for the in Section 10.03.

Section 10.03 Remedies.

(a) In the case of an uncured Event of Default, at any time thereafter during the continuance of such Event of Default, in addition to the right of any Lender to refuse to make further Loans pursuant to the provisions hereof, the automatic stay under Section 362 of the Bankruptcy Code shall be deemed lifted, without further order of or application to the Bankruptcy Court, to permit the Lender to, at the request of the Lender, by notice to the Borrower and Guarantor, take any or all of the following actions, at the same or different times: (a) terminate the Borrower's use of Loan funds and cease to make any Loans to the Borrower; (b) declare all obligations of the Borrower hereunder and under the other DIP Loan Documents to be immediately due and payable; (c) declare

all obligations of the Guarantor hereunder, under the Guaranty, and under the other DIP Loan Documents to be immediately due and payable; (d) terminate the Commitments (if they have not theretofore terminated) but without affecting any of the Collateral or the DIP Obligations; (d) terminate, reduce, or restrict Borrower's ability to use any cash collateral, and (e) take any other action or exercise any other right or remedy permitted under the Financing Orders, the other DIP Loan Documents or applicable law to effect the repayment and satisfaction of the obligations of the Borrower and Guarantor under the other DIP Loan Documents. Notwithstanding the foregoing, the effect as an Event of Default of any event described in this Section 10 may be waived by the written concurrence of the Lender.

(b) In the case of the occurrence of an Event of Default, the Lender will have all other rights and remedies available at law and equity.

(c) All proceeds realized from the liquidation or other disposition of Collateral or otherwise received after Maturity, whether by acceleration or otherwise, other than in the ordinary course of business shall be applied first to payment of any outstanding DIP Obligations.

ARTICLE XI MISCELLANEOUS

Section 11.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 11.01(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, as follows:

(i) if to the Borrower, to it at 20445 State Highway 249, Ste. 280 Houston, TX 77070 Attention: David Weinhoffer, with copy to counsel at Attention: Kyung S. Lee Diamond McCarthy LLP, 909 Fannin St. Suite 3700 Houston, Texas 77010; and

(ii) if to the Lender, to it at Schumann/Steier Holdings, LLC, Attention: Attn: Arthur Steier, 2000 West Loop South, Ste. 2100, Houston, TX, 77027

(iii) with copy to counsel at Attention John P. Melko, 1000 Louisiana, Suite 2000, Houston, Texas 77002-5011 (Fax: (713) 276-6727)

(b) Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Lender; provided that the foregoing shall not apply to notices pursuant to Article II, Article III, Article IV and Article V unless otherwise agreed by the Lender and the applicable Lender. The Lender or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant

to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 11.02 Waivers; Amendments.

(a) No failure on the part of the Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege, or any abandonment or discontinuance of steps to enforce such right, power or privilege, under any of the DIP Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the DIP Loan Documents preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the Lender hereunder and under the other DIP Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other DIP Loan Document or consent to any departure by the any Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 11.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, Guarantor, and the Lender; provided that no such agreement shall (i) increase the Commitment or the Maximum Credit Amount of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, or reduce any other DIP Obligations hereunder or under any other DIP Loan Document, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment or prepayment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or any other DIP Obligations hereunder or under any other DIP Loan Document, or reduce the amount of, waive or excuse any such payment, or postpone or extend the Maturity Date without the written consent of each Lender directly affected thereby, (v) waive or amend Section 3.03(c), Section 6.01, or Section 10.02(c) without the written consent of the Lender, (vi) release all or substantially all of the collateral without the written consent of the Lender, (vii) change any Remedy without the consent of the Lender; or (viii) contractually subordinate the payment of all the DIP Obligations to any other Debt or contractually subordinate the priority of any of the Lender's Liens to the Liens securing any other Debt, in each case, without the written consent of each Lender (other than any Defaulting Lender).

Section 11.03 Expenses, Indemnity; Damage Waiver.

(a) The Borrower shall pay, without further order of or application to the Bankruptcy Court, (i) all reasonable and documented out-of-pocket expenses incurred by the Lender as provided or limited in the Financing Order, including, without limitation, the reasonable and documented fees, charges and disbursements of counsel and other outside consultants for the Lender, the reasonable travel, photocopy, mailing, courier, telephone and other similar expenses, and the cost of environmental invasive and non-invasive assessments and audits and surveys and appraisals, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration (both before and after the execution hereof and including advice of counsel to the Lender as to the rights and duties of the Lender with respect thereto) of this Agreement and the other DIP Loan Documents and any amendments, modifications or waivers of or consents related to the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all costs, expenses, Taxes, assessments and other charges incurred by the Lender in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any other document referred to therein, (iii) all reasonable out-of-pocket expenses incurred by the Lender, including the fees, charges and disbursements of any counsel for the Lender, in connection with the enforcement or protection of its rights in connection with this Agreement or any other DIP Loan Document, including its rights under this Section 11.03(a), or in connection with the Loans made hereunder, including, without limitation, all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans. Lender's attorney's fees are subject to Bankruptcy Court approval.

(b) THE BORROWER AND GUARANTOR SHALL INDEMNIFY THE LENDER, AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND DEFEND AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY COUNSEL FOR ANY INDEMNITEE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (i) THE EXECUTION OR DELIVERY OF THIS AGREEMENT OR ANY OTHER DIP LOAN DOCUMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OR THE PARTIES TO ANY OTHER DIP LOAN DOCUMENT OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR BY ANY OTHER DIP LOAN DOCUMENT, (ii) THE FAILURE OF BORROWER OR GUARANTOR TO COMPLY WITH THE TERMS OF ANY DIP LOAN DOCUMENT, INCLUDING THIS AGREEMENT, OR WITH ANY GOVERNMENTAL REQUIREMENT, (iii) ANY INACCURACY OF ANY REPRESENTATION OR ANY BREACH OF ANY WARRANTY OR COVENANT OF THE BORROWER OR GUARANTOR SET FORTH IN ANY OF THE DIP LOAN DOCUMENTS OR ANY INSTRUMENTS, DOCUMENTS OR CERTIFICATIONS DELIVERED IN CONNECTION THEREWITH, (iv) ANY LOAN OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREFROM,

INCLUDING, WITHOUT LIMITATION, (A) ANY REFUSAL BY THE ISSUING BANK TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT, OR (B) THE PAYMENT OF A DRAWING UNDER ANY LETTER OF CREDIT NOTWITHSTANDING THE NONCOMPLIANCE, NON-DELIVERY OR OTHER IMPROPER PRESENTATION OF THE DOCUMENTS PRESENTED IN CONNECTION THEREWITH, (v) ANY OTHER ASPECT OF THE DIP LOAN DOCUMENTS, (vi) THE OPERATIONS OF THE BUSINESS OF THE BORROWER BY SUCH BORROWER OR THE BUSINESS OF THE GUARANTOR BY SUCH GUARANTOR, (vii) ANY ASSERTION THAT THE LENDER IS NOT ENTITLED TO RECEIVE THE PROCEEDS RECEIVED PURSUANT TO THE DIP LOAN DOCUMENTS, (viii) ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWER OR GUARANTOR, INCLUDING, THE PRESENCE, GENERATION, STORAGE, RELEASE, THREATENED RELEASE, USE, TRANSPORT, DISPOSAL, ARRANGEMENT OF DISPOSAL OR TREATMENT OF HAZARDOUS MATERIALS ON OR AT ANY OF THEIR PROPERTIES, (ix) THE BREACH OR NONCOMPLIANCE BY THE BORROWER OR GUARANTOR WITH ANY ENVIRONMENTAL LAW APPLICABLE TO SUCH BORROWER OR GUARANTOR, (x) THE PAST OWNERSHIP BY ANY BORROWER OR GUARANTOR OF ANY OF THEIR PROPERTIES OR PAST ACTIVITY ON ANY OF THEIR PROPERTIES WHICH, THOUGH LAWFUL AND FULLY PERMISSIBLE AT THE TIME, COULD RESULT IN PRESENT LIABILITY, (xi) THE PRESENCE, USE, RELEASE, STORAGE, TREATMENT, DISPOSAL, GENERATION, THREATENED RELEASE, TRANSPORT, ARRANGEMENT FOR TRANSPORT OR ARRANGEMENT FOR DISPOSAL OF HAZARDOUS MATERIALS ON OR AT ANY OF THE PROPERTIES OWNED OR OPERATED BY THE BORROWER OR GUARANTOR OR ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY OWNED OR OPERATED BY SUCH BORROWER OR GUARANTOR, (xii) ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWER OR GUARANTOR, OR (xiii) ANY OTHER ENVIRONMENTAL, HEALTH OR SAFETY CONDITION IN CONNECTION WITH THE DIP LOAN DOCUMENTS, OR (xiv) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO, AND SUCH INDEMNITY SHALL EXTEND TO EACH INDEMNITEE NOTWITHSTANDING THE SOLE OR CONCURRENT NEGLIGENCE OF EVERY KIND OR CHARACTER WHATSOEVER, WHETHER ACTIVE OR PASSIVE, WHETHER AN AFFIRMATIVE ACT OR AN OMISSION, INCLUDING WITHOUT LIMITATION, ALL TYPES OF NEGLIGENT CONDUCT IDENTIFIED IN THE RESTATEMENT (SECOND) OF TORTS OF ONE OR MORE OF THE INDEMNITEES OR BY REASON OF STRICT LIABILITY IMPOSED WITHOUT FAULT ON ANY ONE OR MORE OF THE INDEMNITEES; *provided* THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH

LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NON-APPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE, ANY MATERIAL BREACH BY ANY INDEMNITEE OF ITS OBLIGATIONS UNDER THE DIP LOAN DOCUMENTS, OR ANY DISPUTE SOLELY BETWEEN INDEMNITEES.

(c) To the extent permitted by applicable law, the Borrower and Guarantor shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other DIP Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof.

(d) All amounts due under this Section 11.03 shall be payable not later than 10 Business Days after written demand therefor.

Section 11.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower and Guarantor may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by Borrower or Guarantor without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Section 11.05 Survival; Revival; Reinstatement.

(a) All covenants, agreements, representations and warranties made by the Borrower and Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other DIP Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the other DIP Loan Documents, and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Section 5.01 and Section 11.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or

the termination of this Agreement, any other DIP Loan Document or any provision hereof or thereof.

(b) To the extent that any payments on the DIP Obligations or proceeds of any collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other Person under any bankruptcy law, common law or equitable cause, then to such extent, the DIP Obligations so satisfied shall be revived and continue as if such payment or proceeds had not been received and the Lender's Liens, security interests, rights, powers and remedies under this Agreement and each DIP Loan Document shall continue in full force and effect. In such event, each DIP Loan Document shall be automatically reinstated and the Borrower and Guarantor shall take such action as may be reasonably requested by the Lender to effect such reinstatement.

Section 11.06 Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

(b) **THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

(c) Except as provided in Section 6.01, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other similar electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 11.07 Severability. Any provision of this Agreement or any other DIP Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations (of whatsoever kind, including, without limitation obligations under Swap Agreements) at any time

owing by such Lender or Affiliate to or for the credit or the account of the Borrower or Guarantor against any of and all the obligations of such Borrower or Guarantor owed to such Lender now or hereafter existing under this Agreement or any other DIP Loan Document, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other DIP Loan Document and although such obligations may be unmatured. The rights of Lender under this Section 11.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender or its Affiliates may have.

Section 11.09 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK EXCEPT TO THE EXTENT THAT (i) THE TRANSACTIONS ARE OTHERWISE GOVERNED BY THE BANKRUPTCY CODE AND (ii) UNITED STATES FEDERAL LAW PERMITS ANY LENDER TO CONTRACT FOR, CHARGE, RECEIVE, RESERVE OR TAKE INTEREST AT THE RATE ALLOWED BY THE LAWS OF THE STATE WHERE SUCH LENDER IS LOCATED.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THE DIP LOAN DOCUMENTS SHALL BE BROUGHT IN THE BANKRUPTCY COURT, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURT. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. THIS SUBMISSION TO JURISDICTION IS NON-EXCLUSIVE AND DOES NOT PRECLUDE A PARTY FROM OBTAINING JURISDICTION OVER ANOTHER PARTY IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) EACH PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT THE ADDRESS SPECIFIED IN SECTION 11.01 OR SUCH OTHER ADDRESS AS IS SPECIFIED PURSUANT TO SECTION 11.01 (OR ITS ASSIGNMENT AND ASSUMPTION), SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. NOTHING HEREIN SHALL AFFECT THE RIGHT OF A PARTY TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANOTHER PARTY IN ANY OTHER JURISDICTION.

(d) EACH PARTY HEREBY (i) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER DIP LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN; (ii) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (iii) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (iv) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE DIP LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 11.09.

Section 11.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 11.11 Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and required to keep such Information confidential), (b) to the extent requested by any regulatory authority having authority over the Lender, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement or any other DIP Loan Document, (e) in connection with the exercise of any remedies hereunder or under any other DIP Loan Document or any suit, action or proceeding relating to this Agreement or any other DIP Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 11.11, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (provided that such Person agrees to be bound by the provisions of this Section 11.11) or (ii) any actual or prospective counterparty (or its advisors) to any Swap Agreement relating to the Borrower or Guarantor and the obligations of either (provided that such Person agrees to be bound by the provisions of this Section 11.11), (g) with the consent of the Borrower or Guarantor or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 11.11 or (ii) becomes available to the Lender on a non-confidential basis from a source other than the Borrower or Guarantor, as applicable. For the purposes of this Section 11.11, "Information" means all information received from the Borrower or Guarantor relating to the Borrower and its business or the Guarantor and its business, other than any such information that is available to the Lender on a non-confidential basis prior to disclosure by the Borrower or Guarantor or otherwise identified by the Borrower or Guarantor as being non-confidential. Any Person required to maintain the confidentiality of

Information as provided in this Section 11.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 11.12 Interest Rate Limitation. It is the intention of the parties hereto that Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby would be usurious as to any Lender under laws applicable to it (including the laws of the United States of America and the State of New York or any other jurisdiction whose laws may be mandatorily applicable to such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in any of the DIP Loan Documents, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Lender that is contracted for, taken, reserved, charged or received by such Lender under any of the DIP Loan Documents shall under no circumstances exceed the maximum amount allowed by such applicable law, and any excess shall be canceled automatically and if theretofore paid shall be credited by such Lender on the principal amount of the DIP Obligations (or, to the extent that the principal amount of the DIP Obligations shall have been or would thereby be paid in full, refunded by such Lender to the Borrower or Guarantor, as applicable); and (ii) in the event that the maturity of the DIP Obligations is accelerated by reason of an election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by such Lender as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Lender on the principal amount of the DIP Obligations (or, to the extent that the principal amount of the DIP Obligations shall have been or would thereby be paid in full, refunded by such Lender to the Borrower or Guarantor, as applicable). All sums paid or agreed to be paid to any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Lender, be amortized, prorated, allocated and spread throughout the stated term of the Loans by this Agreement until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (i) the amount of interest payable to any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Lender pursuant to this Section 11.12 and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Lender would be less than the amount of interest payable to such Lender computed at the Highest Lawful Rate applicable to such Lender, then the amount of interest payable to such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Lender until the total amount of interest payable to such Lender shall equal the total amount of interest which would have been payable to such Lender if the total amount of interest had been computed without giving effect to this Section 11.12.

Section 11.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT HAS A DUTY TO READ THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS AND AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT AND THE OTHER

DIP LOAN DOCUMENTS; THAT IT HAS IN FACT READ THIS AGREEMENT AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS AGREEMENT; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS; AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS; AND THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. EACH PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT AND THE OTHER DIP LOAN DOCUMENTS ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

Section 11.14 No Third Party Beneficiaries. This Agreement, the other DIP Loan Documents, and the agreement of the Lender to make Loans are solely for the benefit of the Borrower, and no other Person (including, without limitation, any Affiliate of the Borrower, any obligor, contractor, subcontractor, supplier or materialman) shall have any rights, claims, remedies or privileges hereunder or under any other DIP Loan Document against the Lender for any reason whatsoever. There are no third party beneficiaries.

Section 11.15 [Reserved]. """"

Section 11.16 USA Patriot Act Notice. Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

Section 11.17 Parties Including Trustees; Bankruptcy Court Proceedings. This Agreement, the other DIP Loan Documents, and all Liens and other rights and privileges created or pursuant hereto or to any other DIP Loan Document shall be binding upon the Borrower, the Guarantor, the estate of the Borrower, and any trustee, other estate representative or any successor in interest of the Borrower in the Chapter 11 Case and/or any conversion of the Chapter 11 Case into a subsequent case commenced under Chapter 7 of the Bankruptcy Code. This Agreement and the other DIP Loan Documents shall be binding upon, and inure to the benefit of, the successors of the Lender and their respective assigns, transferees and endorsees. The Liens created by this Agreement and the other DIP Loan Documents shall be and remain valid and perfected in the event of the substantive consolidation or conversion of the Chapter 11 Case or any other bankruptcy case of the Borrower to a case under Chapter 7 of the Bankruptcy Code or in the event of dismissal of the Chapter 11 Case or the release of any Collateral from the jurisdiction of the Bankruptcy Court for any reason, without the necessity that the Lender file financing statements or otherwise perfect its Liens under applicable law. The Borrower and

Guarantor may not assign, transfer, hypothecate or otherwise convey any of their rights, benefits, obligations or duties hereunder or under any of the other DIP Loan Documents without the prior express written consent of the Lender. Any such purported assignment, transfer, hypothecation or other conveyance by the Borrower or Guarantor without the prior express written consent of the Lender shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of the Borrower, the Guarantor, and the Lender, with respect to the transactions contemplated hereby and no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other DIP Loan Documents.

ARTICLE XII PRIORITY AND COLLATERAL SECURITY

Section 12.01 Superpriority Claims and Collateral Security.

(a) The DIP Obligations shall be secured, *inter alia*, by the Collateral described in this Agreement and the Financing Orders.

(b) Borrower hereby represents, warrants and covenants that, except as otherwise expressly provided in this paragraph, pursuant to the Interim Financing Orders (with respect to the period prior to entry of the Final Financing Order) and upon entry of the Final Financing Order with respect to the period after entry of the Final Financing Order):

(i) the DIP Obligations shall at all times constitute an allowed Superpriority Claim against the Borrower in the Chapter 11 Case and any case under Chapter 7 of the Bankruptcy Code pursuant to Sections 364(c)(1) and 507(a) of the Bankruptcy Code and shall (A) otherwise have priority over any and all administrative expense claims and unsecured claims against the Borrower or its estate, at any time existing or arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to Bankruptcy Code Sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(d), 726, 1113 and 1114, and any other provision of the Bankruptcy Code, as provided under Section 364(c)(1) of the Bankruptcy Code and (B) shall at all times be senior to the rights of the Borrower and its estate, and any successor trustee or other estate representative to the extent permitted by law, but subject to the Carve-Out. As used herein, "**Carve-Out**" shall mean the sum of (i) fees and expenses incurred by bankruptcy professionals whose retention has been (x) approved by the Bankruptcy Court which are unpaid and (y) provided for in the DIP Budget; and (ii) fees owed pursuant to 28 U.S.C. §1930 or fees owed the clerk of the Bankruptcy Court;

(ii) pursuant to Section 364(d)(1) of the Bankruptcy Code, the Liens securing the DIP Obligations shall be secured by a perfected first priority, senior priming Lien on all DIP Collateral (as defined in the Interim Financing Orders). Such senior priming lien shall be senior in priority to all other Liens.

(c) To the extent permissible under the Bankruptcy Code, pursuant to Bankruptcy Code §364(d)(1), the Liens securing the DIP Obligations shall be senior in priority and superior to any security, mortgage, collateral interest, lien or claim on or to any of the Collateral.

Section 12.02 No Discharge; Survival of Claims. The Borrower hereby agree that (a) the DIP Obligations shall not be discharged by the entry of an order confirming a chapter 11 plan (and the Borrower pursuant to Section 1141(d) of the Bankruptcy Code, hereby waives any such discharge), and (b) the Superpriority Claim granted to the Lender pursuant to the Interim Financing Orders and the Final Financing Order and the Liens granted to the Lender and the other Secured Parties pursuant to such orders and the Collateral Documents shall not be affected in any manner by the entry of an order confirming a Chapter 11 plan.

Section 12.03 Orders. In the event of any inconsistency between the terms and conditions of any of the DIP Loan Documents and the Interim Financing Orders or the Final Financing Order, whichever is in effect at the time of reference thereto, the provisions of the Interim Financing Orders or the Final Financing Order, as the case may be, shall govern and control. The Borrower, the Guarantor, and the Lender shall be entitled to rely in good faith upon the Financing Orders notwithstanding objection thereto or appeal therefrom by any interested party. The Borrower, the Guarantor, and the Lender shall be permitted and required to perform their respective obligations in compliance with this Agreement notwithstanding any such objection or appeal unless the relevant Financing Order has been stayed by a court of competent jurisdiction.

Section 12.04 Waiver of any Priming Rights. Upon the Effective Date, and on behalf of themselves and their estates, and for so long any obligations of the Borrower hereunder and under the other DIP Loan Documents shall be outstanding, the Borrower hereby irrevocably waives (i) any right, pursuant to Section 364(c) or 364(d) of the Bankruptcy Code or otherwise, to grant any Lien of equal or greater priority than the Liens securing the obligations of the Borrower hereunder and under the other DIP Loan Documents, or to approve a claim of equal or greater priority than the obligations of the Borrower hereunder and under the other DIP Loan Documents, except as permitted under the Interim Financing Orders and Final Financing Order, in any manner not permitted by the DIP Loan Documents or otherwise without the consent of the Lender.

[signatures to follow]

The parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

BORROWER:

OFFSHORE SPECIALTY FABRICATORS, LLC

By: _____
Name: _____
Title: _____

LENDER:

SCHUMANN/STEIER HOLDINGS, LLC

By: _____
Name: _____
Title: _____

GUARANTOR:

OFFSHORE EXPRESS, LLC

By: _____
Name: _____
Title: _____

EXHIBIT B
APPROVED DIP BUDGET

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OFFSHORE SPECIALTY FABRICATORS, LLC
 Forecasted Cash Flow - October - January 2018
 Revised 11/27/2017

	1st Interim DIP Advance Approved		2nd Interim DIP Advance Approved		3rd Interim DIP Advance Approved		10				TOTAL	
	Actual WE	Actual WE	Forecasted WE	Forecasted WE	Forecasted WE	Forecasted WE	Forecasted WE	Forecasted WE	Forecasted WE	Forecasted WE	Forecasted WE	TOTAL
	10/28/2017	11/4/2017	11/18/2017	11/25/2017	12/2/2017	12/9/2017	12/16/2017	12/23/2017	12/30/2017	1/6/2018	1/13/2018	1/27/2018
LIQUIDATION FORECAST												
Collection - Cash In	300,000			370,000		250,000		500,000		300,000		285,000
Total Collections	300,000			370,000		250,000		500,000		300,000		285,000
Disbursements - Cash Out												
Barge Maintenance Costs												
OSF Crew / Security (Included in Payroll)												
OSF Mgt. Crew on-Site (Dan Black)	(9,167)		(9,167)		(13,334)							(42,285)
Fuel & Lube					(1,200)							(3,600)
Barge Electricity			(13,000)		(10,500)		(13,000)					(60,500)
DISA (random drug tests)					(50)							(50)
Barge Weather Service (canceled)												
DB Insurance				(147,634)				(147,634)				(590,563)
Vehicle Property Tax												(21,784)
Vehicle Permit for Inspection												(3,000)
Waste Chemicals for Inspection												(19,033)
Total Cost of Maintaining Barges	(156,901)		(23,617)	(147,634)	(14,334)	(13,300)	(147,634)	(16,131)	(13,000)	(13,000)	(147,634)	(719,345)
Payroll (includes taxes and PTO)	(44,122)		(49,539)		(8,136)		(8,136)		(8,136)		(8,136)	(356,748)
Office Supplies			(400)		(400)							(1,600)
Office Electricity			(1,000)		(2,400)							(9,600)
Internet			(700)		(700)							(2,800)
Office & Yard Water			(300)		(300)							(1,200)
Phones			(150)		(150)							(600)
Website			(400)		(440)		(240)					(1,080)
Office Custodial Services			(200)		(200)							(800)
Pest Control			(400)		(400)							(1,600)
Sanitation Services			(350)		(350)							(1,400)
Cell Phones			(400)		(400)							(1,600)
Garbage Services			(400)		(400)							(1,600)
Lawn Care			(419)		(419)							(1,676)
Marketing - Asset Sale			(125)		(100)							(500)
Postage Stamp Meter			(5,391)		(5,391)							(21,564)
Bank Fees			(5,391)		(5,391)							(21,564)
Pollution and General Liability Insurance												
Property Taxes - Machinery, Equipment & Furniture												
CPA Fee - 2016 Tax Return - Bourgeois Bennett CPA												
Legal Fees - Jackson Walker - Bruce Ruinsky - (MDC Bankruptcy)												
P&I Maintenance & Cure (1@ \$20/day; 2@ \$30/day)												
Misc / Travel-On-Site Mgt.												
Auto Insurance												
Insurance - (medical, dental, life, 401k)												
Total SG&A	(51,209)		(77,280)		(8,000)		(8,000)		(8,000)			(32,000)
Operating Income	\$91,990		\$94,321		\$220,346		\$103,723		\$231,585		\$137,346	\$117,064
Bankruptcy/Professional/Financing Expenses												
Bonnie McCarthy												
Creditors Committee												
Roch & Schmitt, LLC												
Phelps Dunbar (P&I Claims Mediators)												
Marine Surveyor Fee - Dufour, Lasky & Strouse												
Section 507(b)(5) Priority claim of employees (if Court Approved)												
Trustee Fees												
Commitment Fee												
DIP Interest - 18%												
DIP Loan Legal Expenses - Gardere												
DIP Due Diligence and Monitoring Fees												
Total Bankruptcy Expenses												
Total Net	\$91,990		\$94,321		\$220,346		\$103,723		\$231,585		\$137,346	\$117,064
Beginning Cash Balance	\$118,614		\$106,717		\$194,313		\$409		\$1,916		\$2,262	\$25,748
New Cash Flow	\$118,614		\$106,717		\$194,313		\$409		\$1,916		\$2,262	\$25,748
Ending Cash Balance	\$118,614		\$113,614		\$106,717		\$194,313		\$1,916		\$2,262	\$99

EXHIBIT C
LEGAL DESCRIPTION OF NON-DEBTOR REAL PROPERTY
COLLATERAL

Parcel 27997

LOT 20 OF THE HOUMA TERREBONNE INDUSTRIAL PARK SUBD. CB 2019/219

Parcel 40580

TRACT A-B-C-D-A, AS SHOWN ON "SURVEY OF TRACT A-B-C-D-A IN SECTION 48 T17S R17E"

Parcel 41002

A LOT 400' FRONT ON MENARD ROAD BY 500' AS SHOWN ON MAP SHOWING PROPOSED PURCHASE FROM WALTER LAND CO., IN SECTION 48 T17S R17E, RECORDED CB 603/167. CB 1110/508

Parcel 41003

LOT 435.25' FRONT ON MENARD ROAD BY DEPTH OF 500/540.42' AND A WIDTH OF 231.41' ACROSS THE REAR. SAID LOT LOCATED 2,517' EAST OF HIGHWAY 315. LOCATED IN SECTIONS 47 & 48 T17S R17E. CB 1090/151

Parcel 41004

TRACT 450' FRONT ON EAST SIDE HWY. 315 BY DEPTH TO CENTER LINE OF HOUMA NAVIGATION CANAL CONTAINING 29.12 ACRES ON "PLAT SHOWING A TRACT OF LAND PURCHASED BY JOHN D. MONTEIRO DEVELOPMENT COMPANY FROM WALTER LAND COMPANY IN SECTIONS 47 & 48 T17S R17E" CB 1201/189

Parcel 41005

A LOT 200 X 500 FT. ON THE NORTH SIDE OF MENARD ROAD. LOCATED 2,317 FT. EAST OF HWY. 315 AS SHOWN ON "MAP SHOWING PROPOSED PURCHASE FROM WALTER LAND COMPANY IN SECTION 48 AND/OR 47 T17S R17E." CB 1255/794

Parcel 41006

A CERTAIN TRACT OF LAND MEASURING 200' ON MENARD ROAD X DEPTH OF 500' TO THE CENTERLINE OF A DREDGED MARINE SLIP, AND MORE PARTICULARLY DESCRIBED ON PLAT RECORDED CB 692/835 CONTAINING 2.30 ACRES. CB 1255/370

Parcel 41007

TRACTS A-B-C-D-A, B-C-E-F-B & F-G-H-E-F CONTAINING 2.32 ACRES EACH AS SHOWN ON "SURVEY OF TRACT A-B-C-D-A, TRACT B-C-E-F-B & TRACT F-G-H-E-F BELONGING TO WALTER LAND CO. IN SECTION 48 T17S R17E." CB 1230/749

Parcel 41432

WEST 1/2 OF TRACT A-B-C-D-A "SURVEY OF A PROPOSED PURCHASE FROM WALTER LAND CO. IN SECTION 48, T17S - R17E. CB 2107/122.