

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended **March 31, 2022**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission File Number **001-32942**



EVOLUTION PETROLEUM CORPORATION
(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization) **1311** (Primary Standard Industrial Classification Code Number) **41-1781991** (IRS Employer Identification No.)

1155 Dairy Ashford Road, Suite 425, Houston, Texas 77079
(Address of principal executive offices and zip code)

(713) 935-0122

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
Common Stock, \$0.001 par value	EPM	NYSE American

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes: No:

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit). Yes: No:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes: No:

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of May 9, 2022, 33,742,121 shares of common stock, par value \$0.001, were outstanding.

EVOLUTION PETROLEUM CORPORATION AND SUBSIDIARIES

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We use the terms, "EPM," "Company," "we," "us," and "our" to refer to Evolution Petroleum Corporation, and unless the context otherwise requires, its wholly-owned subsidiaries.

FORWARD-LOOKING STATEMENTS

This Form 10-Q and the information referenced herein contains forward-looking statements within the meaning of the Private Securities Litigations Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. The words “plan,” “expect,” “project,” “estimate,” “assume,” “believe,” “anticipate,” “intend,” “budget,” “forecast,” “predict,” and other similar expressions are intended to identify forward-looking statements. These statements appear in a number of places and include statements regarding our current expectations and future plans regarding operations, capital expenditures, financial performance, financial condition, risks affecting our business and other plans, beliefs, and expectations of our officers and directors. When considering any forward-looking statement, readers should keep in mind the risk factors that could cause our actual results to differ materially from those expressed in any forward-looking statement. Important factors that could cause actual results to differ materially from those in forward-looking statements include the timing and extent of changes in commodity prices for oil and natural gas, operating risks, and other risk factors as described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021 and Part II, Item 1A, “Risk Factors” herein as well as elsewhere in this report and as also may be described from time to time in future reports we file with the Securities and Exchange Commission. Readers should also consider such information in conjunction with our unaudited consolidated condensed financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this report. There also may be other factors that we cannot anticipate or that are not described in this report, generally because we do not currently perceive them to be material. Such factors could cause results to differ materially from our expectations.

Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements other than as required by law. Readers are advised, however, to review any further disclosures we make on related subjects in our periodic filings with the Securities and Exchange Commission.

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements (Unaudited)

Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Balance Sheets
(Unaudited)

	March 31, 2022	June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 13,368,538	\$ 5,276,510
Receivables from oil, natural gas, and natural gas liquids sales	15,340,108	8,686,967
Receivables for federal and state income tax refunds	2,311,985	3,107,638
Prepaid expenses and other current assets	1,116,446	1,037,259
Total current assets	32,137,077	18,108,374
Property and equipment, net of depletion, depreciation, amortization, and impairment		
Oil and natural gas properties, net—full-cost method of accounting, of which none were excluded from amortization	82,559,338	58,515,860
Other property and equipment, net	6,737	10,639
Total property and equipment, net	82,566,075	58,526,499
Other assets, net		
Total assets	\$ 116,207,239	\$ 76,705,662
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 13,292,635	\$ 5,609,367
Accrued liabilities and other	905,646	947,045
Derivative contract liabilities	2,398,237	—
State and federal income taxes payable	180,883	37,748
Total current liabilities	16,777,401	6,594,160
Long term liabilities		
Senior secured credit facility	20,000,000	4,000,000
Deferred income taxes	6,357,437	5,957,202
Asset retirement obligations	8,312,375	5,538,752
Operating lease liability	—	20,745
Total liabilities	51,447,213	22,110,859
Commitments and contingencies (Note 15)		
Stockholders' equity		
Common stock; par value \$0.001; 100,000,000 shares authorized; 33,719,621 and 33,514,952 shares issued and outstanding as of March 31, 2022 and June 30, 2021, respectively	33,719	33,515
Additional paid-in capital	43,371,367	42,541,224
Retained earnings	21,354,940	12,020,064
Total stockholders' equity	64,760,026	54,594,803
Total liabilities and stockholders' equity	\$ 116,207,239	\$ 76,705,662

See accompanying notes to unaudited consolidated condensed financial statements.

Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Statements of Operations
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Revenues				
Crude oil	\$ 14,868,519	\$ 7,076,965	\$ 34,309,127	\$ 17,918,909
Natural gas	6,070,866	141	20,698,653	499
Natural gas liquids	4,749,719	558,642	11,898,695	1,079,868
Total revenues	<u>25,689,104</u>	<u>7,635,748</u>	<u>66,906,475</u>	<u>18,999,276</u>
Operating costs				
Lease operating costs	12,083,669	3,606,511	31,379,810	9,009,848
Depletion, depreciation, and amortization	1,737,226	1,070,967	4,488,759	3,840,023
Impairment of proved property	—	—	—	24,792,079
Impairment of Well Lift Inc. - related assets	—	146,051	—	146,051
General and administrative expenses *	1,515,257	1,831,614	5,278,411	4,956,011
Total operating costs	<u>15,336,152</u>	<u>6,655,143</u>	<u>41,146,980</u>	<u>42,744,012</u>
Income (loss) from operations	10,352,952	980,605	25,759,495	(23,744,736)
Other income and expenses				
Net (loss) gain on derivative contracts	(2,591,465)	—	(2,591,465)	(614,645)
Interest and other income	2,212	9,223	11,982	34,866
Interest expense	(170,332)	(18,686)	(271,874)	(60,340)
Income (loss) before income taxes	7,593,367	971,142	22,908,138	(24,384,855)
Income tax provision (benefit)	1,887,556	(219,859)	5,151,754	(5,730,701)
Net income (loss) attributable to common stockholders	<u>\$ 5,705,811</u>	<u>\$ 1,191,001</u>	<u>\$ 17,756,384</u>	<u>\$ (18,654,154)</u>
Earnings (loss) per common share:				
Basic	<u>\$ 0.17</u>	<u>\$ 0.04</u>	<u>\$ 0.53</u>	<u>\$ (0.57)</u>
Diluted	<u>\$ 0.17</u>	<u>\$ 0.04</u>	<u>\$ 0.52</u>	<u>\$ (0.57)</u>
Weighted average number of common shares outstanding				
Basic	<u>33,009,156</u>	<u>32,817,999</u>	<u>32,933,016</u>	<u>32,743,070</u>
Diluted	<u>33,388,045</u>	<u>32,891,380</u>	<u>33,257,729</u>	<u>32,743,070</u>

* General and administrative expenses for the three months ended March 31, 2022 and 2021 included non-cash stock-based compensation expenses of \$340,440 and \$320,236, respectively. For the nine months ended March 31, 2022 and 2021, non-cash stock-based compensation expenses were \$867,943 and \$938,093, respectively.

See accompanying notes to unaudited consolidated condensed financial statements.

Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31,	
	2022	2021
Cash flows from operating activities		
Net income (loss) attributable to common stockholders	\$ 17,756,384	\$ (18,654,154)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion, and amortization	4,488,759	3,840,023
Impairment of proved property	—	24,792,079
Impairment of Well Lift Inc. - related assets	—	146,051
Stock-based compensation	867,943	938,093
Settlement of asset retirement obligations	—	(101,311)
Deferred income taxes	400,236	(6,706,888)
Unrealized loss (gain) on derivative contracts	2,398,237	614,645
Accrued settlements on derivative contracts	193,228	(2,791,176)
Other	(7,140)	11,337
Changes in operating assets and liabilities:		
Receivables	(4,999,067)	(1,450,747)
Prepaid expenses and other current assets	(79,187)	2,989
Accounts payable and accrued expenses	7,528,522	1,347,080
State and federal income taxes payable	143,135	571,361
Net cash provided by (used in) operating activities	28,691,050	2,559,382
Cash flows from investing activities		
Acquisition of oil and natural gas properties	(25,844,046)	—
Capital expenditures for oil and natural gas properties	(825,872)	(183,690)
Acquisition deposit	(1,470,000)	(2,325,000)
Net cash provided by (used in) investing activities	(28,139,918)	(2,508,690)
Cash flows from financing activities		
Common stock dividends paid	(8,421,508)	(2,666,334)
Common share repurchases, including shares surrendered for tax withholding	(37,596)	(7,348)
Borrowings on senior secured credit facility	17,000,000	—
Repayments of senior secured credit facility	(1,000,000)	—
Net cash provided by (used in) financing activities	7,540,896	(2,673,682)
Net increase (decrease) in cash and cash equivalents	8,092,028	(2,622,990)
Cash and cash equivalents, beginning of period	5,276,510	19,662,528
Cash and cash equivalents, end of period	\$ 13,368,538	\$ 17,039,538
 Supplemental disclosures of cash flow information:		
	2022	2021
Income taxes paid	\$ 5,064,239	\$ 667,618
Income tax refunds received	795,653	135,633
Non-cash transactions:		
(Decrease) increase in accrued purchases of property and equipment	—	510
Oil and natural gas property costs attributable to the recognition of asset retirement obligations	2,440,034	91,430

See accompanying notes to unaudited consolidated condensed financial statements.

Evolution Petroleum Corporation and Subsidiaries
Consolidated Condensed Statements of Changes in Stockholders' Equity
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Par Value				
For the Three Months Ended March 31, 2022:						
Balance at December 31, 2021	33,688,679	\$ 33,689	\$ 43,066,954	\$ 19,025,848	\$ —	\$ 62,126,491
Issuance of restricted common stock	60,000	60	(60)	—	—	—
Forfeitures of restricted stock	(22,026)	(23)	23	—	—	—
Common share repurchases, including shares surrendered for tax withholding	—	—	—	—	(35,997)	(35,997)
Retirements of treasury stock	(7,032)	(7)	(35,990)	—	35,997	—
Stock-based compensation	—	—	340,440	—	—	340,440
Net income (loss) attributable to common stockholders	—	—	—	5,705,811	—	5,705,811
Common stock dividends paid	—	—	—	(3,376,719)	—	(3,376,719)
Balance at March 31, 2022	33,719,621	\$ 33,719	\$ 43,371,367	\$ 21,354,940	\$ —	\$ 64,760,026
For the Nine Months Ended March 31, 2022:						
Balance at June 30, 2021	33,514,952	\$ 33,515	\$ 42,541,224	\$ 12,020,064	\$ —	\$ 54,594,803
Issuance of restricted common stock	313,870	313	(313)	—	—	—
Forfeitures of restricted stock	(101,816)	(102)	102	—	—	—
Common share repurchases, including shares surrendered for tax withholding	—	—	—	—	(37,596)	(37,596)
Retirements of treasury stock	(7,385)	(7)	(37,589)	—	37,596	—
Stock-based compensation	—	—	867,943	—	—	867,943
Net income (loss) attributable to common stockholders	—	—	—	17,756,384	—	17,756,384
Common stock dividends paid	—	—	—	(8,421,508)	—	(8,421,508)
Balance at March 31, 2022	33,719,621	\$ 33,719	\$ 43,371,367	\$ 21,354,940	\$ —	\$ 64,760,026
For the Three Months Ended March 31, 2021:						
Balance at December 31, 2020	33,490,550	\$ 33,490	\$ 41,901,421	\$ 11,293,815	\$ —	\$ 53,228,726
Issuance of restricted common stock	16,902	17	(17)	—	—	—
Stock-based compensation	—	—	320,236	—	—	320,236
Net income (loss) attributable to common stockholders	—	—	—	1,191,001	—	1,191,001
Common stock dividends paid	—	—	—	(1,005,224)	—	(1,005,224)
Balance at March 31, 2021	33,507,452	\$ 33,507	\$ 42,221,640	\$ 11,479,592	\$ —	\$ 53,734,739
For the Nine Months Ended March 31, 2021:						
Balance at June 30, 2020	32,956,469	\$ 32,956	\$ 41,291,446	\$ 32,800,080	\$ —	\$ 74,124,482
Issuance of restricted common stock	553,615	554	(554)	—	—	—
Common share repurchases, including shares surrendered for tax withholding	—	—	—	—	(7,348)	(7,348)
Retirements of treasury stock	(2,632)	(3)	(7,345)	—	7,348	—
Stock-based compensation	—	—	938,093	—	—	938,093
Net income (loss) attributable to common stockholders	—	—	—	(18,654,154)	—	(18,654,154)
Common stock dividends paid	—	—	—	(2,666,334)	—	(2,666,334)
Balance at March 31, 2021	33,507,452	\$ 33,507	\$ 42,221,640	\$ 11,479,592	\$ —	\$ 53,734,739

See accompanying notes to unaudited consolidated condensed financial statements.

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

Note 1 — Organization and Basis of Preparation

Nature of Operations. Evolution Petroleum Corporation is an oil and natural gas company focused on delivering a sustainable dividend yield to its stockholders through the ownership of and investment in oil and natural gas properties. The Company's long-term goal is to build a diversified portfolio of oil and natural gas properties primarily through acquisitions while seeking opportunities to maintain and increase production through selective development, production enhancement, and other exploitation efforts on its oil and natural gas properties.

The Company's producing properties consist of interests in the Barnett Shale located in North Texas, a natural gas producing shale reservoir; interests in the Delhi Holt-Bryant Unit in the Delhi field in Northeast Louisiana, a CO₂ enhanced oil recovery ("EOR") project; interests in the Williston Basin in North Dakota, a producing oil and natural gas reservoir; interests in the Hamilton Dome field located in Hot Springs County, Wyoming, a secondary recovery field utilizing water injection wells to pressurize the reservoir; and small overriding royalty interests in four onshore Texas wells.

Interim Financial Statements. The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the appropriate rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. All adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the interim periods presented have been included. The interim financial information and notes hereto should be read in conjunction with the Company's 2021 Annual Report on Form 10-K for the fiscal year ended June 30, 2021, as filed with the SEC on September 14, 2021. The results of operations for interim periods are not necessarily indicative of results to be expected for a full fiscal year. The Company has evaluated events and transactions through the date of issuance of these unaudited consolidated condensed financial statements.

Principles of Consolidation and Reporting. The Company's unaudited consolidated condensed financial statements include the accounts of Evolution Petroleum Corporation and its wholly owned subsidiaries (the "Company"). All significant intercompany transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to match current year presentation.

Risks and Uncertainties. None of the Company's ownership interests are operated by the Company and involve other third-party working interest owners. As a result, the Company has a limited ability to influence or control the operation or future development of such properties. However, the Company is proactive with its third-party operators to review spending and alter plans as appropriate.

The Company is continuously monitoring the current and potential impacts of the novel coronavirus ("COVID-19") pandemic on its business, including how it has and may continue to impact its financial results, liquidity, employees, and the operations of the properties which it holds a non-operated interest.

In response to the COVID-19 pandemic, the Company focused on putting long-term measures in place to prevent future disruptions, maintaining its operations and system of controls remotely, and implemented its business continuity plan to allow its employees to securely work from home or in the corporate office, located in Houston, Texas. The Company has been able to transition the operation of its business with minimal disruption and has maintained its system of internal controls and procedures.

Use of Estimates. The preparation of the Company's unaudited consolidated condensed financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, if any, at the date of the unaudited consolidated condensed financial statements and the reported amounts of revenues and expenses during the respective reporting periods. Significant estimates include (a) reserve quantities and estimated future cash flows associated with proved reserves, which may significantly impact depletion expense and potential impairments of oil and natural gas properties, (b) asset retirement obligations, (c) stock-based compensation, (d) fair values of derivative assets and liabilities, (e) income taxes and the valuation of deferred tax assets, (f) commitments and contingencies, and (g) crude oil, natural gas, and natural gas liquids ("NGL") revenues. The Company analyzes estimates and judgments based on historical experience and various other assumptions and information that are believed to be reasonable. Estimates and assumptions about future events and their effects cannot be predicted with certainty.

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

and, accordingly, these estimates may change as additional information is obtained, as new events occur, and as the Company's environment changes. Actual results may differ from the estimates and assumptions used in the preparation of the Company's unaudited consolidated condensed financial statements.

Correction of Immaterial Error

The Company has identified an issue related to its historical process of calculating the Company's earnings (loss) per common share ("EPS"). The Company grants restricted stock awards which entitle the recipient to all of the rights of a shareholder of the Company including non-forfeitable rights to receive all dividends or other distributions paid with respect to such shares. Unvested restricted stock is forfeitable until earned and therefore not considered outstanding for basic EPS. Because restricted stock awards have the non-forfeitable right to share in dividends and earnings with common shareholders prior to vesting, the Company must apply the two-class method of allocating distributed and undistributed earnings to unvested restricted stock and outstanding common shares. The Company has not been applying the two-class method of calculating basic and diluted EPS in accordance with Accounting Standards Codification ("ASC") Topic 260, *Earnings Per Share*. Rather, the Company was considering all restricted stock grants as outstanding at the time of issuance in the calculation of EPS.

At March 31, 2022, the Company has determined that its unvested restricted stock awards are participating securities which contain non-forfeitable rights to dividends. As a result, the Company is required to adjust "*Net income (loss) attributable to common stockholders*" to allocate dividends paid to unvested shares as well as undistributed earnings. In addition, the Company has determined that its basic and diluted weighted average shares outstanding were also not adjusted correctly to reflect these participating securities.

The Company concluded the adjustments were immaterial to its 2021 annual and interim financial statements and its 2022 interim financial statements in accordance with the guidance in SEC Staff Accounting Bulletin (SAB) No. 99 "*Materiality*" and SAB No. 108 "*Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements.*" The correction resulted in a decrease of \$0.01 per basic and diluted share for the nine months ended March 31, 2021. See Note 13, "Earnings (Loss) per Common Share" for more details.

The Company noted the following adjustments to its Earnings (loss) per common share presentation for the three and nine months ended March 31, 2021:

	Three Months Ended	Nine Months Ended
	March 31, 2021	March 31, 2021
As reported:		
Net income (loss) for earnings per share calculation	\$ 1,191,001	\$ (18,654,154)
Weighted average number of common shares outstanding — Basic	33,496,372	33,184,041
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	33,496,372	33,184,041
Net earnings (loss) per common share — Basic	\$ 0.04	\$ (0.56)
Net earnings (loss) per common share — Diluted	\$ 0.04	\$ (0.56)
Restated:		
Net income (loss) for earnings per share calculation	\$ 1,166,887	\$ (18,689,432)
Weighted average number of common shares outstanding — Basic	32,817,999	32,743,070
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	32,891,380	32,743,070
Net earnings (loss) per common share — Basic	\$ 0.04	\$ (0.57)
Net earnings (loss) per common share — Diluted	\$ 0.04	\$ (0.57)

Note 2 — Summary of Significant Accounting Policies

The Company follows the significant accounting policies disclosed in its Annual Report on Form 10-K, as filed with the SEC on September 14, 2021, and are supplemented by the notes to the unaudited consolidated condensed financial statements

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

included in this Quarterly Report on Form 10-Q. These unaudited consolidated condensed financial statements should be read in conjunction with the Annual Report on Form 10-K for the year ended June 30, 2021.

Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* ("ASU 2016-13"). ASU 2016-13 changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, and requires the use of a new forward-looking expected loss model that will result in the earlier recognition of allowances for losses. Early adoption is permitted and entities must adopt the amendment using a modified retrospective approach to the first reporting period in which the guidance is effective. For smaller reporting companies, as provided by ASU No. 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)* ("ASU 2019-10"), ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2022. The Company is currently evaluating the impact of ASU 2016-13 but does not expect that it will have a material effect on the Company's financial position, results of operations, cash flows, or disclosures.

Other accounting pronouncements that have recently been issued by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations, cash flows, or disclosures.

Note 3 — Revenue Recognition

The Company's revenue is primarily generated from its interests in the Barnett Shale properties of North Texas, the Delhi field in Northeast Louisiana, the Williston Basin properties of North Dakota, and the Hamilton Dome field in Wyoming. Additionally, overriding royalty interests retained in a past divestiture of Texas properties historically provided de minimis revenue, with the exception of the three months ended December 31, 2021 in which the Company received \$1.1 million for past royalties that accumulated over a period of approximately three years. These past royalties were recorded as operating revenues within the unaudited consolidated condensed statements of operations for the nine months ended March 31, 2022. Going forward, the Company expects de minimis revenue from these royalty interests. The following table disaggregates the Company's revenues by major product for the periods indicated:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
Revenues				
Crude oil	\$ 14,868,519	\$ 7,076,965	\$ 34,309,127	\$ 17,918,909
Natural gas	6,070,866	141	20,698,653	499
Natural gas liquids	4,749,719	558,642	11,898,695	1,079,868
Total revenues	\$ 25,689,104	\$ 7,635,748	\$ 66,906,475	\$ 18,999,276

As of March 31, 2022, as a non-operator, the Company did not take production in-kind and did not negotiate contracts with customers. The Company recognizes oil, natural gas, and NGL production revenue at the point in time when custody and title ("control") of the product transfers to the customer. Transfer of control drives the presentation of post-production expenses such as transportation, gathering, and processing deductions within the unaudited consolidated condensed statements of operations. Fees and other deductions incurred prior to control transfer are recorded as "Lease operating costs" on the unaudited consolidated condensed statements of operations, while fees and other deductions incurred subsequent to control transfer are embedded in the price and effectively recorded as a reduction to "Crude oil," "Natural gas," and "Natural gas liquids" on the unaudited consolidated condensed statements of operations. Transfer of control related production from the Company's Barnett Shale interests does not occur until after the marketing, transportation, and processing services have been performed, and as such, fees related to these services are recorded as "Lease operating costs" on the unaudited consolidated condensed statements of operations and do not reduce the oil, natural gas, and NGL production revenue. Transfer of control related to production from the Company's Williston Basin, Delhi, and Hamilton Dome interests occurs prior to the fees and other deductions, and as such, these fees are recorded as a reduction to "Crude oil," "Natural gas," and "Natural gas liquids" on the unaudited consolidated condensed statements of operations.

Judgments made in applying the guidance in ASC Topic 606, *Revenue from Contracts with Customers*, relate primarily to determining the point in time when control of product transfers to the customer. The Company does not believe that significant judgments are required with respect to the determination of the transaction price, including amounts that represent variable consideration, as volume and price carry a low level of estimation uncertainty given the precision of volumetric measurements

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and the use of index pricing with predictable differentials. Accordingly, the Company does not consider estimates of variable consideration to be constrained.

The Company's contractual performance obligations arise upon the production of hydrocarbons from wells in which the Company has an ownership interest. The performance obligations are considered satisfied at the point in time upon control transferring to a customer at a specified delivery point. Consideration is allocated to completed performance obligations at the end of an accounting period.

Revenue is recorded in the month when contractual performance obligations are satisfied. However, settlement statements from the purchasers of hydrocarbons and the related cash consideration are received by field operators before distributing the Company's share one to two months after production has occurred, which is typical in the oil and natural gas industry. As a result, the Company must estimate the amount of production delivered to the customer and the consideration that will ultimately be received for the sale of the product. To estimate accounts receivable from operators' contracts with customers, the Company uses knowledge of its properties, information from the field operators, historical performance, contractual arrangements, index pricing, quality and transportation differentials, and other factors as the basis for these estimates. Because the contractual performance obligations have been satisfied and an unconditional right to consideration exists as of the balance sheet date, the Company recognized amounts due from contracts with field operators of \$15.3 million and \$8.7 million as of March 31, 2022 and June 30, 2021, respectively, as "Receivables from oil, natural gas, and natural gas liquids sales" on the unaudited consolidated condensed balance sheets. Differences between estimates and actual amounts received for product sales are recorded in the month that payment is received from the purchaser as remitted to the Company by field operators.

Note 4 — Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets as of March 31, 2022 and June 30, 2021 consisted of the following:

	March 31, 2022	June 30, 2021
Prepaid insurance	\$ 68,350	\$ 365,922
Prepaid federal and state income taxes	514,438	97,470
Prepaid subscription and licenses	36,087	108,048
Carryback of EOR tax credit	416,441	416,441
Prepaid other	81,130	49,378
Total prepaid expenses and other current assets	<u>\$ 1,116,446</u>	<u>\$ 1,037,259</u>

Note 5 — Acquisitions

On January 14, 2022, the Company completed the acquisition of non-operated working interests in the Williston Basin in North Dakota from Foundation Energy Fund VII-A, LP and Foundation Energy Management, LLC ("the Williston Basin Acquisition"). After taking into account preliminary customary closing adjustments and an effective date of June 1, 2021, cash consideration was \$25.7 million which includes cash expenses related to the acquisition. The Company determined that the properties acquired did not meet the definition of a business; therefore, the transaction was accounted for as an asset acquisition. The Company also recognized \$2.4 million in non-cash asset retirement obligations. The transaction was funded with cash on hand and \$16.0 million in borrowings under the Company's Senior Secured Credit Facility, as defined below.

On May 7, 2021, the Company acquired an approximate 17% working interest and a 14% net revenue interest in non-operated oil and natural gas properties in the Barnett Shale from Tokyo Gas Americas for net cash consideration of \$17.4 million, after taking into account customary closing adjustments, and also recognized \$2.8 million in non-cash asset retirement obligations (the "Barnett Shale Acquisition"). The Company determined that the properties acquired did not meet the definition of a business; therefore, the transaction was accounted for as an asset acquisition. During the nine months ended March 31, 2022, the Company recorded a downward purchase price adjustment of \$0.9 million related to its acquisition of the Barnett Shale properties as a result of the completion of the final settlement statement.

On February 8, 2022, the Company entered into a definitive purchase agreement ("the Jonah Purchase Agreement") to acquire non-operated interests in the Jonah field in Sublette County, Wyoming from Exaro Energy III, LLC (the "Jonah Field Acquisition") and in conjunction made a deposit of \$1.5 million upon signing of the Jonah Purchase Agreement. The Jonah Field Acquisition closed on April 1, 2022. After taking into account the deposit on acquisition, preliminary customary closing adjustments and an effective date of February 1, 2022, cash consideration at closing was \$27.7 million. See Note 18, "Subsequent Events" for a further discussion.

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Note 6 — Property and Equipment

Property and equipment as of March 31, 2022 and June 30, 2021 consisted of the following:

	March 31, 2022	June 30, 2021
Oil and natural gas properties:		
Property costs subject to amortization	\$ 157,312,262	\$ 129,123,227
Less: Accumulated depletion, depreciation, amortization and impairment	(74,752,924)	(70,607,367)
Oil and natural gas properties, net	\$ 82,559,338	\$ 58,515,860
Other property and equipment:		
Furniture, fixtures, and office equipment, at cost	\$ 154,731	\$ 154,731
Less: Accumulated depreciation	(147,994)	(144,092)
Other property and equipment, net	\$ 6,737	\$ 10,639

As of March 31, 2022, all oil and natural gas property costs were subject to amortization. Depletion on oil and natural gas properties was \$4.1 million and \$3.7 million for the nine months ended March 31, 2022 and 2021, respectively. Depreciation on other properties and equipment was less than \$0.1 million for both the nine months ended March 31, 2022 and 2021.

During the nine months ended March 31, 2022 and 2021, the Company incurred development capital expenditures of \$0.8 million and \$0.3 million, respectively. In addition, during the nine months ended March 31, 2022, the Company recorded a downward \$0.9 million purchase adjustment related to its acquisition of the Barnett Shale properties.

The Company uses the full cost method of accounting for its investments in oil and natural gas properties. All costs of acquisition, exploration, and development of oil and natural gas reserves are capitalized as the cost of oil and natural gas and properties when incurred. To the extent capitalized costs of evaluated oil and natural gas properties, net of accumulated depletion, exceed the discounted future net revenues of proved oil and natural gas reserves, net of deferred taxes, such excess capitalized costs result in an impairment charge.

At March 31, 2022, the ceiling test value of the Company's reserves was calculated based on the first-day-of-the-month average for the 12-months ended March 31, 2022 of the West Texas Intermediate (WTI) crude oil spot price of \$75.28 per barrel and Henry Hub natural gas spot price of \$4.15 per MMBtu, adjusted by market differentials by field. The net price per barrel of NGLs was \$40.07, which was based on historical differentials to WTI as NGLs do not have any single comparable reference index price. Using these prices, the Company's net book value of oil and natural gas properties at March 31, 2022 did not exceed the current ceiling. There was no impairment on oil and natural gas properties for the nine months ended March 31, 2022.

The Company recorded a ceiling test impairment of \$24.8 million for the nine months ended March 31, 2021 as the Company's net book value of oil and natural gas properties exceeded the ceiling by \$15.2 million at December 31, 2020 and \$9.6 million at September 30, 2020. The ceiling test impairment in these periods was driven by a decrease in the first-day-of-the-month average for crude oil used in the ceiling test calculation for these periods together with adverse changes in differentials received in the Delhi field for the three months ended September 30, 2020. The impairments were recorded in "Impairment of proved property" on the unaudited consolidated condensed statements of operations.

Note 7 — Other Assets

Other assets as of March 31, 2022 and June 30, 2021 consisted of the following:

	March 31, 2022	June 30, 2021
Acquisition deposit	\$ 1,470,000	\$ —
Right of use asset under operating lease	161,125	161,125
Less: Accumulated amortization of right of use asset	(127,038)	(90,336)
Other assets, net	\$ 1,504,087	\$ 70,789

The acquisition deposit as of March 31, 2022, was related to the acquisition of oil and natural gas interests in the Jonah field which closed on April 1, 2022. See Note 18, "Subsequent Events" for a further discussion.

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Operating leases are reflected as an operating lease right of use ("ROU") asset included in "Other assets, net", and as an operating lease liability, current in "Accrued liabilities and other" (see Note 8, "Accrued Liabilities and Other" below) and "Operating lease liability" on the Company's unaudited consolidated condensed balance sheets. Operating lease ROU assets and operating lease liabilities are recognized at commencement date of an arrangement based on the present value of lease payments over the lease term and amortized on a straight-line basis over the lease term. The ROU asset reflected in "Other assets, net" above is related to the Company's corporate office lease.

The Company's royalty rights and investment in Well Lift Inc. ("WLI") resulted from the separation of its artificial lift technology operations in December 2015. The Company conveyed its patents and other intellectual property to WLI and retained a 5% royalty on future gross revenues associated with the technology. We own approximately 18% of the common stock and 100% of the preferred stock of WLI and account for the investment in this private company at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or a similar investment of the same issuer, if such were to occur. The Company evaluates the investment for impairment when it identified any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment. At March 31, 2021, the Company reviewed its investment and technology rights in WLI for potential impairment and, as a result, recorded an impairment expense of \$0.1 million as "Impairment of Well Lift Inc., - related assets" on the unaudited consolidated condensed statements of operations. This impairment charge was recorded based on a variety of factors included the lack of current revenue generated and the outlook for future activity associated with this technology primarily due to a reduction in drilling activities across the industry.

Note 8 — Accrued Liabilities and Other

Accrued liabilities and other as of March 31, 2022 and June 30, 2021 consisted of the following:

	March 31, 2022	June 30, 2021
Accrued incentive and other compensation	\$ 521,436	\$ 630,744
Accrued retirement costs	7,425	52,786
Accrued franchise taxes	72,709	35,207
Accrued ad valorem taxes	60,000	108,000
Accrued settlements on derivative contracts	193,228	—
Operating lease liability	41,137	64,234
Asset retirement obligations due within one year	—	44,520
Accrued - other	9,711	11,554
Accrued liabilities and other	<u>\$ 905,646</u>	<u>\$ 947,045</u>

Note 9 — Asset Retirement Obligations

The Company's asset retirement obligations ("ARO") represent the estimated present value of the amount expected to incur to plug, abandon, and remediate its oil and natural gas properties at the end of their productive lives in accordance with applicable laws and regulations. The Company records the ARO liability on the unaudited consolidated condensed balance sheets and capitalizes the cost in "Oil and natural gas properties, net" during the period in which the obligation is incurred. The Company records the accretion of its ARO liabilities in "Depletion, depreciation and amortization" expense in the unaudited consolidated condensed statements of operations. The following is a reconciliation of the activity related to the Company's ARO liability for the nine months ended March 31, 2022 (inclusive of the current portion):

Asset retirement obligations as of June 30, 2021	\$ 5,583,272	
Liabilities settled	(50,231)	(a)
Liabilities acquired	2,440,034	(b)
Accretion expense	339,300	
Asset retirement obligations as of March 31, 2022	<u>\$ 8,312,375</u>	

(a) Primarily related to abandonment of one Delhi field and one Hamilton Dome field well.

(b) Liabilities acquired in fiscal year 2022 were related to our Williston Basin Acquisition. See Note 5, "Acquisitions," for additional information on the Company's acquisition activities.

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Note 10 — Stockholders' Equity**Common Stock**

As of March 31, 2022, the Company had 33,719,621 shares of common stock outstanding.

The Company began paying quarterly cash dividends on common stock in December 2013. As of March 31, 2022, the Company has cumulatively paid over \$82.9 million in cash dividends. The Company paid dividends of \$8.4 million and \$2.7 million to its common stockholders during the nine months ended March 31, 2022 and 2021, respectively. The following table reflects the dividends paid within the respective quarterly periods:

Common stock cash dividends per share	2022		2021	
First quarter ended September 30,	\$	0.075	\$	0.025
Second quarter ended December 31,	\$	0.075	\$	0.025
Third quarter ended March 31,	\$	0.100	\$	0.030

In May 2015, the Board of Directors approved a share repurchase program covering up to \$5.0 million of the Company's common stock. Since inception of the program, the Company has spent \$4.0 million to repurchase 706,858 common shares at an average price of \$5.72 per share. There were no shares purchased under this program during the nine months ended March 31, 2022 and 2021. Under the program's terms, shares are repurchased only on the open market and in accordance with the requirements of the Securities Exchange Commission ("SEC"). Such shares are initially recorded as treasury stock, then subsequently cancelled. The timing and amount of repurchases depends upon several factors, including financial resources and market and business conditions. There is no fixed termination date for this repurchase program, and it may be suspended or discontinued at any time.

During the nine months ended March 31, 2022 and 2021, the Company also acquired treasury stock from holders of newly vested stock-based awards to fund the recipients' payroll tax withholding obligations. The treasury shares were subsequently cancelled. Such shares were valued at fair market value on the date of vesting. The following table shows all treasury stock purchases in the respective periods:

	Nine Months Ended			
	March 31,			
	2022		2021	
Number of treasury shares acquired		7,385		2,632
Average cost per share	\$	5.09	\$	2.79
Total cost of treasury shares acquired	\$	37,596	\$	7,348

Expected Tax Treatment of Dividends

For the fiscal year ended June 30, 2021, all common stock dividends were treated for tax purposes as qualified dividend income to recipients. Based on its current projections for the fiscal year ending June 30, 2022, the Company expects all common stock dividends for such period to be treated as qualified dividend income to the recipients. Such projections are based on reasonable expectations as of March 31, 2022 and are subject to change based on the final tax calculations at the end of the fiscal year.

Note 11 — Stock-Based Incentive Plan

The Evolution Petroleum Corporation 2016 Equity Incentive Plan ("2016 Plan"), approved at the December 2016 annual meeting of stockholders, authorizes the issuance of 1,100,000 shares of common stock prior to its expiration on December 8, 2026. Incentives under the 2016 Plan may be granted to employees, directors, and consultants of the Company in any one or a combination of the following forms: incentive stock options and non-statutory stock options, stock appreciation rights, restricted stock awards and restricted stock unit awards, performance share awards, performance cash awards, and other forms of incentives valued in whole or in part by reference to, or otherwise based on, our common stock, including its appreciation in value. On December 9, 2020, an amendment to the 2016 Plan was approved by our stockholders which increased the number of shares available for issuance by 2,500,000 shares to a maximum of 3,600,000 shares. As of March 31, 2022 and June 30, 2021, 1,826,775 shares and 2,206,294 shares, respectively, remained available for grant under the 2016 Plan.

Time-Vested Restricted Stock

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These awards contain service-based vesting conditions and expire after a maximum of four years from the date of grant if unvested. The common shares underlying these awards are issued on the date of grant and participate in dividends paid by the Company. These serviced-based awards vest with continuous employment by the Company, generally in annual installments over terms of three to four years. Awards to the Company's directors have one-year cliff vesting. For such awards, grant date fair value is based on market value of the Company's common stock at the time of grant. This value is then amortized ratably over the term of the grant. Previously recognized amortization expense subsequent to the last vesting date of an award is reversed in the event that the holder has no longer rendered service to the Company resulting in forfeiture of the award.

Performance-Based Restricted Stock and Performance-Based Contingent Shares

Presently under the 2016 Plan, the Company has only granted such awards having market-based vesting conditions based on the price of its common stock, the intrinsic value indexed solely to its common stock and the intrinsic value indexed to its common stock compared to the performance of the common stock of its peers. While the 2016 Plan also provides for awards whose vesting is based upon other performance conditions that relate to attaining Company-specific operating goals such as earnings, revenues, and other operational goals, no such awards have been granted under the 2016 Plan nor have any such awards previously granted by legacy plans been outstanding during the nine months ended March 31, 2022 and 2021.

The common shares underlying our performance-based restricted stock awards are issued on the date of grant and participate in dividends paid by the Company and expire after a maximum of four years from the date of grant if unvested. Performance-based contingent shares do not participate in dividends and shares are only issued upon the attainment of vesting conditions which generally have a lower probability of achievement and expire after a maximum of four years from the date of grant if unvested. Shares underlying performance-based contingent shares are reserved from the 2016 Plan.

Vesting of grants with market-based vesting conditions is dependent on the future price of the Company's common stock. Such awards vest if the trailing total returns on the Company's common stock for a specified three-year period exceed the corresponding total returns of various quartiles of indices consisting of peer companies or, in some cases, vest when the average of the Company's closing common stock price over a defined measurement period meets or exceeds a required common stock price. As discussed below, a third party valuation firm estimates the grant date fair value of the award as well as the expected vesting period. This value is amortized ratably over the expected vesting period, which may be less than the term of the grant. Previously recognized compensation expense is only reversed for the awards with market-based vesting conditions if the requisite service period is not rendered by the holder resulting in forfeiture of the award.

During nine months ended March 31, 2022, the Company granted a total of 379,519 equity awards that included 182,577 shares of time-vested restricted stock primarily to employees under its long term incentive pay program together with annual awards to its directors, 131,293 shares of performance-based restricted stock, and 65,649 performance-based contingent share awards.

During nine months ended March 31, 2021, the Company granted a total of 676,695 equity awards that included 307,455 shares of time-vested restricted stock, primarily to employees under its long-term incentive pay program together with annual awards to directors, 246,160 shares of performance-based restricted stock, and 123,080 performance-based contingent share awards. In addition to the foregoing, in connection with the retirement of the Company's former Chief Financial Officer, vesting was accelerated as to 50,524 aggregate shares of service- and market-based equity awards which, for accounting purposes, was treated as a cancellation and replacement of the same number of awards.

As mentioned above for awards with market-based vesting conditions, the Company utilizes third-party independent assessments of grant date fair values and expected vesting periods that are determined using a Monte Carlo simulation based on the historical volatility of the Company's total return compared to the historical volatilities of the other peer companies in the index. During the nine months ended March 31, 2022 and 2021, the assumptions used in the Monte Carlo simulation valuations were as follows:

	Nine Months Ended March 31,			
	2022		2021	
Weighted average fair value of market-based awards granted	\$	3.10	\$	3.08
Risk-free interest rate		0.53% to 0.60%		0.23 %
Expected vesting term in years		2.64 to 2.79		2.56
Expected volatility		64.7% to 64.7%		56.9 %
Dividend yield		4.8% to 6.3%		3.2 %

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Unvested restricted stock awards at March 31, 2022 consisted of the following:

	Number of Restricted Shares	Weighted Average Grant-Date Fair Value
Service-based awards	330,555	\$ 4.70
Performance-based awards	379,910	3.34
Unvested restricted stock at March 31, 2022	<u>710,465</u>	<u>\$ 3.97</u>

The following table sets forth the restricted stock transactions for the nine months ended March 31, 2022:

	Number of Restricted Shares	Weighted Average Grant-Date Fair Value	Unamortized Compensation Expense at March 31, 2022	Weighted Average Remaining Amortization Period (Years)
Unvested restricted stock at July 1, 2021	669,295	\$ 3.37		
Service-based shares granted	182,577	5.73		
Performance-based shares granted	131,293	3.31		
Vested	(170,884)	3.27		
Forfeited	(101,816)	3.53		
Unvested restricted stock at March 31, 2022	<u>710,465</u>	<u>\$ 3.97</u>	<u>\$ 1,850,758</u>	<u>2.0</u>

Unvested contingent restricted stock awards table below consists solely of market-based awards:

	Number of Contingent Restricted Shares	Weighted Average Grant-Date Fair Value	Unamortized Compensation Expense at March 31, 2022	Weighted Average Remaining Amortization Period (Years)
Unvested contingent shares at July 1, 2021	323,080	\$ 2.84		
Performance-based awards granted	65,649	2.67		
Forfeited	(27,483)	1.92		
Unvested contingent shares at March 31, 2022	<u>361,246</u>	<u>\$ 2.88</u>	<u>\$ 224,477</u>	<u>1.9</u>

Stock-based Compensation Expense

Expenses related to all of the above equity awards for the three months ended March 31, 2022 and 2021 were \$0.3 million for both periods. Expenses for the nine months ended March 31, 2022 and 2021 were \$0.9 million for both periods.

Note 12 — Income Taxes

The Company files a consolidated federal income tax return in the United States and various combined and separate filings in several state and local jurisdictions.

There were no unrecognized tax benefits, nor any accrued interest or penalties associated with unrecognized tax benefits during any periods presented in these unaudited consolidated condensed financial statements. The Company believes that it has appropriate support for the income tax positions taken and to be taken on the Company's tax returns and that the accruals for tax liabilities are adequate for all open years based on its assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. The Company's federal and state income tax returns are open to audit under the statute of limitations for the fiscal years ended June 30, 2018 through June 30, 2021 for federal tax purposes and for the fiscal years ended June 30, 2017 through June 30, 2021 for state tax purposes. To the extent the Company utilizes net operating losses generated in earlier years, such earlier years may also be subject to audit.

For the nine months ended March 31, 2022, the Company recognized income tax expense of \$5.2 million and had an effective tax rate of 22.5% compared to an income tax benefit of \$5.7 million and an effective tax rate of 23.5% for the nine months ended March 31, 2021.

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The Company's effective tax rate will typically differ from the statutory federal rate as a result of state income taxes, primarily in the states of Louisiana and Texas, due to percentage depletion in excess of basis, stock-based compensation, and other permanent differences. For both periods, the respective statutory federal tax rate was 21%. At March 31, 2022, the Company had a \$2.3 million receivable for a refund for its 2019 federal tax return attributable to 2019 EOR credits. The Company currently anticipates receiving the refund within the next twelve months based on inquiries and communication with the Internal Revenue Service, although no assurances can be made as to the actual date of receipt. During the nine months ended March 31, 2022, the Company recognized an income tax benefit of \$0.4 million attributable to the EOR credit.

The Company must assess the likelihood that it will be able to realize its deferred tax assets. Realization is dependent on generating sufficient taxable income over the period the deferred tax assets are deductible. Currently, the Company is in a cumulative taxable loss position, but with the increase in commodity prices and absent material unexpected losses, the Company may be in a cumulative taxable income position during the current fiscal year. Management considered the reversal of deferred tax liabilities and tax planning strategies in assessing the realization of deferred tax assets. Based upon the weight of available evidence, the Company believes that some of the deferred tax assets are not likely to be realized at the time of this report. For the nine months ended March 31, 2022, there was no material change in the valuation allowance related to the federal and state deferred tax assets.

Note 13 — Earnings (Loss) per Common Share

The following table sets forth the computation of basic and diluted earnings (loss) per common share, reflecting the application of the two-class method:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2022	2021	2022	2021
<i>Numerator</i>				
Net income (loss) attributable to common stockholders	\$ 5,705,811	\$ 1,191,001	\$ 17,756,384	\$ (18,654,154)
Undistributed earnings allocated to unvested restricted stock	(114,209)	(24,114)	(360,519)	(35,278)
Net income (loss) for earnings per share calculation	<u>\$ 5,591,602</u>	<u>\$ 1,166,887</u>	<u>\$ 17,395,865</u>	<u>\$ (18,689,432)</u>
<i>Denominator</i>				
Weighted average number of common shares outstanding — Basic	<u>33,009,156</u>	<u>32,817,999</u>	<u>32,933,016</u>	<u>32,743,070</u>
Effect of dilutive securities:				
Unvested restricted stock	378,889	73,381	324,713	—
Contingent restricted stock grants	—	—	—	—
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	<u>33,388,045</u>	<u>32,891,380</u>	<u>33,257,729</u>	<u>32,743,070</u>
Net earnings (loss) per common share — Basic	<u>\$ 0.17</u>	<u>\$ 0.04</u>	<u>\$ 0.53</u>	<u>\$ (0.57)</u>
Net earnings (loss) per common share — Diluted	<u>\$ 0.17</u>	<u>\$ 0.04</u>	<u>\$ 0.52</u>	<u>\$ (0.57)</u>

Unvested restricted stock (both service-based and performance-based), totaling approximately 24,000 and 17,000 for the three and nine months ended March 31, 2022, respectively, were not included in the computation of diluted earnings per common share because the effect would have been anti-dilutive.

Unvested restricted stock (both service-based and performance-based), totaling approximately 58,000 for the three months ended March 31, 2021, were not included in the computation of diluted earnings per common share because the effect would have been anti-dilutive. Unvested restricted stock (both service-based and performance-based), totaling 0.3 million for the nine months ended March 31, 2021, were not included in the computation of diluted earnings per common share because the effect would have been anti-dilutive due to the net loss.

In addition, unvested performance-based restricted stock and unvested contingent restricted share awards that would not meet the performance criteria as of the period end are excluded from the computation of diluted earnings per common share.

Note 14 — Senior Secured Credit Agreement

On April 11, 2016, the Company entered into a three-year, senior secured reserve-based credit facility, as amended, (the "Senior Secured Credit Facility") with MidFirst Bank in an amount up to \$50.0 million with a current borrowing base of \$50.0 million. On November 2, 2020, the Company entered into the Fifth Amendment to the Senior Secured Credit Facility extending the maturity to April 9, 2024. The borrowing base will be redetermined semi-annually, with the lenders and the Company each

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having the right to one interim unscheduled redetermination between any two consecutive semi-annual redeterminations. The borrowing base takes into account the estimated value of the Company's oil and natural gas properties, proved reserves, total indebtedness, and other relevant factors consistent with customary oil and natural gas lending criteria. The Senior Secured Credit Facility included a placement fee of 0.50% on the initial borrowing base amounting to \$50.0 million and carries a commitment fee of 0.25% per annum on the undrawn portion of the borrowing base. Any borrowings under the Senior Secured Credit Facility will bear interest, at the Company's option, at either London Interbank Offered Rate ("LIBOR") plus 2.75%, subject to a minimum LIBOR of 0.25%, or the Prime Rate, as defined under the Senior Secured Credit Facility, plus 1.00%.

The Company may elect, at its option, to prepay any borrowings outstanding under the Senior Secured Credit Facility without premium or penalty. Amounts outstanding under the Senior Secured Credit Facility are guaranteed by the Company's direct and indirect subsidiaries and secured by a security interest in substantially all of the properties of the Company and its subsidiaries. Borrowings from the Senior Secured Credit Facility may be used for the acquisition and development of oil and natural gas properties, investments in cash flow generating assets complimentary to the production of oil and natural gas, and for letters of credit or other general corporate purposes.

The Senior Secured Credit Facility contains certain events of default, including non-payment; breaches or representation and warranties; non-compliance with covenants; cross-defaults to material indebtedness; voluntary or involuntary bankruptcy; judgments and change in control. The Senior Secured Credit Facility also contains financial covenants including a requirement that the Company maintain, as of the last day of each fiscal quarter, (i) a maximum total leverage ratio of not more than 3.00 to 1.00, (ii) a current ratio of not less than 1.00 to 1.00, and (iii) a consolidated tangible net worth of not less than \$40.0 million, all as defined under the Senior Secured Credit Facility. At March 31, 2022, the Company had \$20.0 million borrowings outstanding under its Senior Secured Credit Facility, resulting in \$30.0 million of available borrowing capacity. At March 31, 2022, the Company was in compliance with the financial covenants under the Senior Secured Credit Facility.

On August 5, 2021, and effective as of June 30, 2021, the Company entered into the Seventh Amendment to the Senior Secured Credit Facility which, among other things, added definitions for the terms "Acquired Entity or Mineral Interests" and "Acquired Entity or Mineral Interests EBITDA Adjustment." Additionally, the consolidated tangible net worth covenant level was reduced to \$40.0 million from \$50.0 million.

On November 9, 2021, the Company entered into the Eighth Amendment to the Senior Secured Credit Facility. This amendment, among other things, increased the borrowing base to \$50.0 million and added a hedging covenant whereby the Company must hedge a minimum of 25% to 75% of future production on a rolling twelve-month basis when 25% or more of the borrowing base is utilized.

On February 7, 2022, the Company entered into the Ninth Amendment to the Senior Secured Credit Facility. This amendment, among other things, modified the definition of utilization percentage related to the required hedging covenant such that for the purposes of determining the amount of future production to hedge, the utilization of the Senior Secured Credit Facility will be based on the Margined Collateral Value, as defined in the agreement, to the extent it exceeds the borrowing base then in effect. This amendment also required the Company to enter into hedges for the next twelve-month period ending February 2023, covering 25% of expected oil and natural gas production over that period.

On April 6, 2022, the Company was notified by MidFirst Bank that the Margined Collateral Value, as defined in the Ninth Amendment to the Senior Secured Credit Facility, was increased to \$160.0 million from \$125.0 million as a result of the closing of the Jonah Field Acquisition. The Company is required to enter into hedges on a rolling twelve-months basis when the borrowings exceed 25% of the Margined Collateral Value. As of May 9, 2022, the Company has \$32.8 million outstanding under the facility. Based on the current amount outstanding, the utilization percentage under the required hedging covenant is below the minimum utilization threshold of 25% and as a result the Company is not required to enter into additional hedges at this time.

Note 15 — Commitments and Contingencies

The Company is subject to various claims and contingencies in the normal course of business. In addition, from time to time, the Company receives communications from government or regulatory agencies concerning investigations or allegations of noncompliance with laws or regulations in jurisdictions in which the Company operates. The Company discloses such matters if it believes there is a reasonable possibility that a future event or events will confirm a material loss through impairment of an asset or the incurrence of a material liability. The Company accrues a material loss if it believes that a probable future event or events will confirm a loss and the loss is reasonably estimable. Furthermore, the Company will disclose any matter that is unasserted if it considers it probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable and material in amount. The Company expenses legal defense costs as they are incurred.

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

Note 16 — Derivatives

The Company is exposed to certain risks relating to its ongoing business operations, including commodity price risk and interest rate risk. In accordance with the Company's policy and the requirements under the Senior Secured Credit Facility (as discussed in Note 14, "Senior Secured Credit Agreement"), it may hedge or may be required to hedge a varying portion of anticipated oil and natural gas production for future periods. Derivatives are carried at fair value on the unaudited consolidated condensed balance sheets as assets or liabilities, with the changes in the fair value included in the unaudited consolidated condensed statements of operations for the period in which the change occurs. The Company's hedge policies and objectives may change significantly as its operational profile changes. The Company does not enter into derivative contracts for speculative trading purposes.

It is the Company's policy to enter into derivative contracts only with counterparties that are creditworthy financial or commodity hedging institutions deemed by management as competent and competitive market makers. As of March 31, 2022, the Company did not post collateral under any of its derivative contracts as they are secured under the Company's Senior Secured Credit Facility.

The Company has in the past and may utilize in the future costless put/call collars and fixed-price swaps to hedge a portion of its anticipated future production. A costless collar consists of a sold call, which establishes a maximum price the Company will receive for the volumes under contract, and a purchased put that establishes a minimum price. Fixed-price swaps are designed so that the Company receives or makes payments based on a differential between fixed and variable prices for the volumes under contract. The Company has elected not to designate its open derivative contracts for hedge accounting. Accordingly, the Company records the net change in the mark-to-market valuation of the derivative contracts and all payments and receipts on settled derivative contracts in "Net loss (gain) on derivative contracts" on the unaudited consolidated condensed statements of operations.

All derivative contracts are recorded at fair market value in accordance with ASC 815, Derivatives and Hedging ("ASC 815") and ASC 820, Fair Value Measurement ("ASC 820") and included in the unaudited consolidated condensed balance sheets as assets or liabilities. The "Derivative contract liabilities" represents the difference between the market commodity prices and the hedged prices for the remaining volumes of production hedges as of March 31, 2022 (the "mark-to-market valuation"). The following table summarizes the location and fair value amounts of all derivative contracts in the unaudited consolidated condensed balance sheets as of March 31, 2022 and June 30, 2021:

Derivatives not designated as hedging contracts under ASC 815	Balance sheet location	Derivative Contract Asset		Balance sheet location	Derivative Contract Liability	
		March 31, 2022	June 30, 2021		March 31, 2022	June 30, 2021
Commodity contracts	Current assets - derivative contract assets	\$ —	\$ —	Current liabilities - derivative contract liabilities	\$ 2,398,237	\$ —
Commodity contracts	Other assets - derivative contract assets	—	—	Long term liabilities - derivative contract liabilities	—	—
Total derivatives not designated as hedging contracts under ASC 815		\$ —	\$ —		\$ 2,398,237	\$ —

The following table summarizes the location and amounts of the Company's realized and unrealized gains and losses on derivative contracts in the Company's unaudited consolidated condensed statements of operations. "Realized loss (gain) on derivative contracts" represents all payments (receipts) on derivative contracts settled during the quarter. "Unrealized loss (gain) on derivative contracts" represents the net change in the mark-to-market valuation of the derivative contracts. For the three months ended March 31, 2022, the "Unrealized loss (gain) on derivative contracts" is equal to the "Derivative contract liabilities" since there were no hedges in place in the prior quarter.

Derivatives not designated as hedging contracts under ASC 815	Location of loss recognized in income on derivative contracts	Three Months Ended		Nine Months Ended	
		March 31,		March 31,	
		2022	2021	2022	2021
Commodity contracts:					
Realized loss (gain) on derivative contracts	Other income and expenses - net loss (gain) on derivative contracts	\$ 193,228	\$ —	\$ 193,228	\$ 2,525,988
Unrealized loss (gain) on derivative contracts	Other income and expenses - net loss (gain) on derivative contracts	2,398,237	—	2,398,237	(1,911,343)
Total net loss (gain) on derivative contracts		\$ 2,591,465	\$ —	\$ 2,591,465	\$ 614,645

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

At March 31, 2022, the Company had the following open crude oil and natural gas derivative contracts:

Period	Instrument	Commodity	Volumes in Barrels	Weighted Average Floor Price per MMBTU/Bbl	Weighted Average Ceiling Price per MMBTU/Bbl
April 2022 - October 2022	Collar	Natural Gas	835,956	\$ 3.75	\$ 5.05
November 2022 - February 2023	Collar	Natural Gas	443,750	3.75	7.30
April 2022 - June 2022	Collar	Crude Oil	60,475	75.00	95.65
July 2022 - February 2023	Collar	Crude Oil	122,389	70.00	87.50

Subsequent to March 31, 2022, the Company entered into the following natural gas derivative contracts:

Period	Instrument	Commodity	Volumes in Barrels	Weighted Average Floor Price per MMBTU/Bbl	Weighted Average Ceiling Price per MMBTU/Bbl
May 2022 - October 2022	Collar	Natural Gas	479,590	\$ 5.25	\$ 6.67
November 2022 - March 2023	Collar	Natural Gas	374,072	\$ 5.25	\$ 7.50

The Company presents the fair value of its derivative contracts at the gross amounts in the unaudited consolidated condensed balance sheets. The following table shows the potential effects of master netting arrangements on the fair value of the Company's derivative contracts at March 31, 2022 and June 30, 2021:

Offsetting of Derivative Assets and Liabilities	Derivative Assets		Derivative Liabilities	
	March 31, 2022	June 30, 2021	March 31, 2022	June 30, 2021
Gross amounts presented in the Consolidated Balance Sheet	\$ —	\$ —	\$ 2,398,237	\$ —
Amounts not offset in the Consolidated Balance Sheet	—	—	—	—
Net amount	\$ —	\$ —	\$ 2,398,237	\$ —

The Company enters into an International Swap Dealers Association Master Agreement ("ISDA") with each counterparty prior to a derivative contract with such counterparty. The ISDA is a standard contract that governs all derivative contracts entered into between the Company and the respective counterparty. The ISDA allows for offsetting of amounts payable or receivable between the Company and the counterparty, at the election of both parties, for transactions that occur on the same date and in the same currency.

Note 17 — Fair Value Measurement

Accounting guidelines for measuring fair value establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement.

The three levels are defined as follows:

Level 1—Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Other inputs that are observable directly or indirectly, such as quoted prices in markets that are not active or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3—Unobservable inputs for which there are little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

Fair Value of Derivative Instruments. The Company's determination of fair value incorporates not only the credit standing of the counterparties involved in transactions with the Company resulting in receivables on the Company's unaudited consolidated condensed balance sheets, but also the impact of the Company's nonperformance risk on its own liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable (Level 1), market corroborated (Level 2), or generally unobservable (Level 3). The Company classifies fair value balances based on the observability of those inputs.

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

As required by ASC 820, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There were no transfers between fair value hierarchy levels for any period presented. The following table set forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of March 31, 2022. The Company did not have any open positions as of June 30, 2021.

	March 31, 2022			Total
	Level 1	Level 2	Level 3	
Assets				
Derivative contract assets	\$ —	\$ —	\$ —	\$ —
Liabilities				
Derivative contract liabilities	\$ —	\$ 2,398,237	\$ —	\$ 2,398,237

Derivative contracts listed above as Level 2 include costless put/call collars that are carried at fair value. The Company records the net change in fair value of these positions in "Net loss (gain) on derivative contracts" in the Company's unaudited consolidated condensed statements of operations. The Company is able to value the assets and liabilities based on observable market data for similar instruments, which resulted in the Company reporting its derivatives as Level 2. This observable data includes the forward curves for commodity prices based on quoted market prices and implied volatility factors related to changes in the forward curves. See Note 16, "Derivatives," for additional discussion of derivatives.

The Company's derivative contracts are with large utilities with investment grade credit ratings which are believed to have minimal credit risk. As such, the Company is exposed to credit risk to the extent of nonperformance by the counterparties in the derivative contracts; however, the Company does not anticipate such nonperformance.

Other Fair Value Measurements. The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of ASC 825, Financial Instruments. The estimated fair value amounts have been determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair value of cash and cash equivalents, accounts receivable, and accounts payable approximates their carrying value due to their short-term nature. The estimated fair value of the Company's Senior Secured Credit Facility approximates carrying value because the interest rates approximate current market rates.

The Company follows the provisions of ASC 820, for nonfinancial assets and liabilities measured at fair value on a non-recurring basis. These provisions apply to the Company's initial measurement and any subsequent revision of ARO for which fair value is calculated using discounted future cash flows derived from historical costs and management's expectation of future cost environments. Significant Level 3 inputs used in the calculation of ARO include the costs of plugging and abandoning wells, surface restoration, and reserve lives. Subsequent to initial recognition, revisions to estimated ARO are made when changes occur for input values. See Note 9, "Asset Retirement Obligations," for a reconciliation of the beginning and ending balances of the liability for the Company's ARO.

Evolution Petroleum Corporation and Subsidiaries
Notes to Unaudited Consolidated Condensed Financial Statements

Note 18 — Subsequent Events

On April 1, 2022, the Company closed the Jonah Field Acquisition after entering into the Jonah Purchase Agreement on February 8, 2022 to acquire non-operated interests in the Jonah field in Sublette County, Wyoming from Exaro Energy III, LLC. After taking into account preliminary customary closing adjustments and an effective date of February 1, 2022, total cash consideration for the Jonah Field Acquisition was \$27.7 million, which included a \$1.5 million payment made upon signing the Jonah Purchase Agreement.

On April 1, 2022, the Company entered into natural gas collar arrangements for approximately 25% of natural gas production over the subsequent twelve months with weighted average floor prices of \$5.25/MMBtu and ceilings ranging from \$6.67/MMBtu to \$7.50/MMBtu as required at the time by the Senior Secured Credit Facility. See Note 16, "Derivatives," above for further details.

On April 6, 2022, the Company was notified by MidFirst Bank that the Margined Collateral Value, as defined in the Ninth Amendment to the Senior Secured Credit Facility, was increased to \$160.0 million from \$125.0 million as a result of the closing of the Jonah Field Acquisition. The Company is required to enter into hedges on a rolling twelve-months basis when the borrowings exceed 25% of the Margined Collateral Value. As of May 9, 2022, the Company has \$32.8 million outstanding under the facility. Based on the current amount outstanding, the utilization percentage under the required hedging covenant is below the minimum utilization threshold of 25% and as a result the Company is not required to enter into additional hedges or extend existing hedges at this time.

On May 4, 2022, the Company declared a quarterly cash dividend of \$0.10 per share of common stock to shareholders of record on June 15, 2022 and payable on June 30, 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

[Executive Overview](#)

[Liquidity and Capital Resources](#)

[Results of Operations](#)

[Critical Accounting Policies and Estimates](#)

Commonly Used Terms

"Current quarter" refers to the three months ended March 31, 2022, the Company's third quarter of fiscal 2022.

"Prior quarter" refers to the three months ended December 31, 2021, the Company's second quarter of fiscal 2022.

"Year-ago quarter" refers to the three months ended March 31, 2021, the Company's third quarter of fiscal 2021.

Executive Overview

General

Evolution Petroleum Corporation is an oil and natural gas company focused on delivering a sustainable dividend yield to its stockholders through the ownership of and investment in oil and natural gas properties. In support of that objective, our long-term goal is to build a diversified portfolio of oil and natural gas properties primarily through acquisitions, while seeking opportunities to maintain and increase production through selective development, production enhancement, and other exploitation efforts on our properties.

We are committed to health, safety, and environmental stewardship; supporting the professional development of our team of employees and contractors; making a positive difference in the communities where we live and work; and transparency in reporting on our progress in these areas with regard to which we publish an annual sustainability report. Our Board of Directors has oversight of, among other things, the development and implementation of our environmental, social and governance policies, and programs and initiatives.

At March 31, 2022, our producing properties consist of non-operated interests in the Barnett Shale located in North Texas, a natural gas producing shale reservoir; interests in the Delhi Holt-Bryant Unit in the Delhi field in Northeast Louisiana, a CO₂ enhanced oil recovery ("EOR") project; interests in the Williston Basin in North Dakota, a producing oil and natural gas reservoir; interests in the Hamilton Dome field located in Hot Springs County, Wyoming, a secondary recovery field utilizing water injection wells to pressurize the reservoir; and small overriding royalty interests in four onshore Texas wells.

On April 1, 2022, and subsequent to the end of the current quarter, we acquired non-operated working interests in the Jonah field in Sublette County, Wyoming. The acquired properties include an average net working interest of approximately 20% and an average net revenue interest of approximately 15% in 595 producing wells and 956 net acres. The properties are operated by Jonah Energy, an established operator in the geographic region. The effective date of the transaction is February 1, 2022.

On January 14, 2022, we acquired non-operated working interests in 73 producing wells in the Williston Basin with an average working interest of approximately 39% and average revenue interest of approximately 33% located on approximately 47,500 net acres (85% held by production) across Billings, Golden Valley, and McKenzie counties in North Dakota. After taking into account preliminary customary closing adjustments and an effective date of June 1, 2021, cash consideration was \$25.7 million which includes cash expenses related to the acquisition. The properties are operated by Foundation Energy Management, an established operator in the geographic region.

Our interests in the Barnett Shale, a natural gas producing shale reservoir consisting of approximately 21,000 net acres held by production across nine North Texas counties, consist of an average working interest of approximately 17% and associated average revenue interest of approximately 14%. The oil and natural gas properties are primarily operated by Diversified Energy Company with approximately 10% of wells operated by seven other operators.

Our interests in the Delhi field, a CO₂ EOR project, consist of approximately 24% working interest, with an associated 19% revenue interest and separate overriding royalty and mineral interests of approximately 7% yielding a total net revenue interest of approximately 26%. The field is operated by Denbury, a subsidiary of Denbury, Inc.

Our interests in the Hamilton Dome field, a secondary recovery field utilizing water injection wells to pressurize the reservoir, consist of approximately 24% working interest, with an associated 20% revenue interest (inclusive of a small overriding royalty

interest). The field is operated by Merit Energy Company ("Merit"), a private oil and natural gas company, who owns the vast majority of the remaining working interest in Hamilton Dome field.

Highlights for our Third Quarter of Fiscal 2022 and Current Operations Update

- Produced 5,579 net barrels of oil equivalent per day ("BOEPD") during the current quarter;
- Generated revenue of \$25.7 million and net income of \$5.7 million;
- Paid a cash dividend of \$0.10 per common share, marking the Company's 34th consecutive quarter of paying a dividend and totaling approximately \$82.9 million since inception;
- Funded all operations, development capital expenditures, and cash dividends out of operating cash flow;
- Maintained a strong financial position with low leverage;
- Completed the acquisition of oil weighted, non-operated oil and natural gas properties located in the Williston Basin in North Dakota on January 14, 2022 (the "Williston Basin Acquisition"); and
- Completed due diligence related to the acquisition of natural gas weighted, non-operated oil and natural gas properties in the Jonah Field in Sublette County, Wyoming that was subsequently closed on April 1, 2022 (the "Jonah Field Acquisition").

Overview

Expectations surrounding improved demand for oil and natural gas combined with restrained supply growth has stimulated an increase in oil and natural gas prices to averages of approximately \$95.18 per barrel of oil and \$4.67 per MMBtu of natural gas during the third fiscal quarter of 2022, recovering substantially from the severe commodity price decline in fiscal 2020 resulting from governmental initiatives to contain the novel coronavirus ("COVID-19") pandemic. Worldwide factors such as global health pandemics, geopolitical factors, war or civil unrest, international trade disruptions and tariffs, macroeconomics, supply and demand, refining capacity, petrochemical production, regulatory and legislative changes and derivatives trading, among others, continue to influence prices for oil, natural gas, and NGLs. Local factors also influence prices for oil, natural gas, and NGLs and include increasing or decreasing production trends, quality differences, regulation, and transportation issues unique to certain producing regions and reservoirs.

Oil

Net oil production averaged approximately 1,810 BOPD during the quarter, a 10.6% increase from the prior quarter of approximately 1,636 BOPD primarily due the closing of the Williston Basin Acquisition on January 14, 2022. The increase was offset by approximately 200 BOPD in production, or \$1.1 million in revenue, received in the prior quarter due to past royalties owed to us from overriding royalty interest we own in two wells located in the Giddings field in Burleson County, Texas.

Natural Gas

Net natural gas production averaged approximately 15,874 MCFPD during the quarter, a 19.9% decrease from the prior quarter of approximately 19,816 MCFPD. Consistent with the prior quarter, essentially all of our natural gas production is generated from our Barnett Shale properties. The decrease is primarily attributable to the positive impact of changes in estimates recorded in the prior quarter related to the operator's election to reject ethane. Ethane rejection in the Barnett Shale is primarily a financial decision to capture the most favorable commodity prices resulting in higher natural gas volumes and lower NGL volumes while maximizing overall cash flow.

Natural Gas Liquids

Net NGL production averaged approximately 1,123 BOEPD during the quarter compared to 18 BOEPD in the prior quarter. Prior quarter net NGL production was unusually low due to downward changes in estimates for NGL volumes from our Barnett Shale properties resulting from the election of ethane rejection by the operator to maximize field cash flows. Also contributing to the increase was the production added from the Williston Basin Acquisition and improved run time at the Delhi NGL Plant.

Net Income

We recorded quarterly net income of \$5.7 million, or \$0.17 per share, compared to \$6.8 million, or \$0.20 per share, in the prior quarter. The decrease in net income is primarily attributable to our \$2.4 million "Unrealized loss (gain) on derivative contracts" recorded this quarter. This decrease was partially offset by higher revenues attributable to higher commodity prices and an increase in production. Our average realized price per barrel of oil equivalent increased 4.5% to \$51.16 per BOE compared to

\$48.98 per BOE in the prior quarter. This increase was primarily due to the 29.9% increase in realized crude oil prices from \$70.29 per Bbl in the prior quarter to \$91.28 per Bbl in the current quarter.

Additional property and project information is included under Item 1. Business, Item 2. Properties, Notes to the Financial Statements and Exhibit 99.1 of our Form 10-K for the year ended June 30, 2021.

Full Cost Pool Ceiling Test and Impairment

At March 31, 2022, our capitalized costs of oil and natural gas properties were below the full cost valuation ceiling; however, we could experience an impairment if commodity price levels were to substantially decline. Lower commodity prices would reduce the excess, or cushion, of our valuation ceiling over our capitalized costs and may adversely impact our ceiling tests in future quarters. We cannot give assurance that a write-down of capitalized oil and natural gas properties will not be required in the future. Changes in commodity prices, production rates, levels of reserves, future development costs, capital spending and other factors will determine our actual ceiling test calculation and impairment analysis in future periods.

Under the full cost method of accounting, capitalized costs of oil and natural gas properties, net of accumulated depreciation, depletion, and amortization ("DD&A") and related deferred taxes, are limited to the estimated future net cash flows from proved oil and natural gas reserves, discounted at 10%, plus the lower of cost or fair value of unproved properties, as adjusted for related income tax effects (the valuation "ceiling"). If capitalized costs exceed the full cost ceiling, the excess would be charged to expense as a write-down of oil and natural gas properties in the quarter in which the excess occurred. The quarterly ceiling test calculation requires that we use the average first day of the month price for our petroleum products during the 12-month period ending with the balance sheet date. The prices used in calculating our ceiling test at March 31, 2022 were \$75.28 per barrel of oil, \$4.15 per MMBtu of natural gas, and \$40.07 per barrel of NGL. As of March 31, 2022, a 10% decrease in commodity prices used to determine our proved reserves would not have resulted in an impairment of our oil and natural gas properties.

Business Environment

The information below is designed to give a broad overview of the oil and natural gas business environment as it affects us.

Impact of the COVID-19 Pandemic and Geopolitical Factors

Oil and natural gas prices have historically been volatile based upon the dynamics of supply and demand. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and on March 13, 2020, the United States of America declared a national emergency with respect to COVID-19. National, state, and local authorities took governmental initiatives to contain the virus by recommending social distancing and imposed quarantine and isolation measures. Periodic business closures impacted large portions of the population as more infectious variants of COVID-19 emerged. These measures, while intended to protect human life, had a continued impact on domestic and foreign economies, resulting in volatility in commodity prices. During this time, we focused on maintaining our operations and system of controls remotely and implemented our business continuity plans in order to allow our employees to securely work from home and in the corporate office, located in Houston, Texas. We have been able to transition the operation of our business with minimal disruption and maintain our system of internal controls and procedures.

In 2021, the demand for oil and natural gas began to recover primarily as a result of the roll-out of the COVID-19 vaccine and lessening of pandemic related government restrictions on individuals and businesses. In addition, the recent military invasion of Russia into Ukraine and the subsequent sanctions imposed on Russia and other actions have created significant market uncertainties, including uncertainties around potential supply disruptions for oil and natural gas, which has further enhanced volatility in global commodity prices in the first quarter of 2022. Given the dynamic nature of these events, we cannot reasonably estimate the period of time that these market conditions will persist.

Currently, none of our oil and natural gas properties are operated by us. As a result, we have limited ability to influence or control the operation or future development of such properties. We continue to be proactive with our third-party operators to review capital expenditures and alter plans as appropriate.

Liquidity and Capital Resources

At March 31, 2022, we had \$13.4 million in cash and cash equivalents, compared to \$5.3 million of cash and cash equivalents at June 30, 2021. Working capital amounted to \$15.4 million compared to \$11.5 million at June 30, 2021, an increase of \$3.6 million.

We have a senior secured reserve-based credit facility (the "Senior Secured Credit Facility") with a maturity date of April 9, 2024. As of March 31, 2022, the Senior Secured Credit Facility had a \$50.0 million borrowing base, with \$20.0 million outstanding. The Senior Secured Credit Facility is subject to a periodic redetermination by the lender based on the value of our oil and natural gas properties and is secured by a security interest in substantially all of the assets of us and our subsidiaries.

Borrowings bear interest, at our option, at either the London Interbank Offered Rate ("LIBOR") plus 2.75%, subject to a LIBOR minimum of 0.25%, or the Prime Rate, as defined under the Senior Secured Credit Facility, plus 1.0%. The Senior Secured Credit Facility contains covenants requiring the maintenance of (i) a maximum total leverage ratio of not more than 3.00 to 1.00, (ii) a current ratio of not less than 1.00 to 1.00, and (iii) a consolidated tangible net worth of not less than \$40.0 million, each as defined in the Senior Secured Credit Facility. The Senior Secured Credit Facility also contains certain events of default, including non-payment; breaches or representation and warranties; non-compliance with covenants; cross-defaults to material indebtedness; voluntary or involuntary bankruptcy; judgments and change in control. At March 31, 2022, we were in compliance with the financial covenants under the Senior Secured Credit Facility.

We have historically funded operations through cash from operations and working capital. The primary source of cash is the sale of crude oil, natural gas, and NGLs. A portion of these cash flows is used to fund capital expenditures. We expect to manage near-future development activities for our properties with cash flows from operating activities and existing working capital.

We are pursuing new growth opportunities through acquisitions and other transactions. In addition to cash on hand, we have access to the undrawn portion of the borrowing base available under our Senior Secured Credit Facility. We also have an effective shelf registration statement with the Securities and Exchange Commission ("SEC") under which we may issue up to \$500.0 million of new debt or equity securities.

During the nine months ended March 31, 2022, we funded operations, development capital expenditures, and cash dividends with cash generated from operations. As of March 31, 2022, working capital was \$15.4 million, an increase over working capital of \$11.5 million at June 30, 2021. This increase in working capital is primarily due to the increase in production as a result of the closing of the Barnett Shale Acquisition in May 2021 and the Williston Basin Acquisition in January 2022.

Our Board of Directors instituted a quarterly cash dividend on common stock in December 2013, and we have paid cash dividends in each consecutive quarter since. Distribution of a substantial portion of free cash flow in excess of operating and capital requirements through cash dividends remains a priority of our financial strategy, and it is our long-term goal to maintain dividend payments over time, as appropriate. As a result of the collapse in commodity prices during the industry downturn and global pandemic, effective for the quarter ending June 30, 2020, the Board of Directors adjusted the quarterly dividend rate from \$0.10 per share to \$0.025 per share. The reduction in the dividend rate at that time allowed us to conserve cash for additional financial flexibility while continuing to reward shareholders with a yield of approximately 3%. In light of our improving financial performance and industry outlook, the Board of Directors has since increased the dividend rate, with the most recent increase occurring on February 3, 2022, when the Board of Directors declared a dividend of \$0.10 per share paid on March 31, 2022. On May 4, 2022, the Board of Directors recently declared the 35th consecutive dividend payable on June 30, 2022 at the rate of \$0.10 per share, a level that is expected to allow us to rapidly retire outstanding debt based on current commodity price forward curves.

On April 1, 2022, we closed on the acquisition of non-operated oil and natural gas properties in the Jonah field in Sublette County, Wyoming. Funding for the acquisition was provided by cash on hand and \$17.0 million borrowed under our Senior Secured Credit Facility. After the closing of the acquisition, we had \$13.0 million of remaining borrowing capacity on our Senior Secured Credit Facility, not including any potential future increase in the borrowing base.

Capital Expenditures

For the nine months ended March 31, 2022, we incurred approximately \$25.7 million in expenditures for the Williston Basin Acquisition and approximately \$1.5 million for a deposit on the Jonah Field Acquisition. Based on discussions with the operators of our properties, we expect capital expenditures to continue in all the fields. Total company capital expenditures for the remainder of fiscal year 2022 is expected to be in the range of \$0.5 million to \$1.0 million. For fiscal year 2023, we expect budgeted capital expenditures to be in the range of \$4.0 million to \$6.0 million, which excludes contemplated drilling in the Williston Basin or any potential acquisitions. At Delhi, we anticipate costs for a NGL plant heat exchanger project which is

expected to kick off in fiscal year 2022, with the majority of the capital expenditure carrying into fiscal year 2023. Delhi field will also incur additional capital expenditures from continued conformance workover and maintenance capital projects. The Hamilton Dome field has capital expenditures for workovers, water injection infrastructure upgrades, and a gas recapture study. The operator of the Barnett properties expects to run one workover rig focusing on capital projects to return previously shut-in wells to production. This rig is expected to be running through the remainder of the fiscal year 2022. The Williston Basin is expected to have capital expenditure for workovers, behind pipe recompletions, and a SCADA upgrade. Funding for our anticipated capital expenditures over the next twelve-months is expected to be met from cash flows from operations, current working capital, and borrowings under our existing Senior Secured Credit Facility as needed for future acquisitions. We continuously monitor changes in market conditions and adapt our operational plans as necessary in order to maintain financial flexibility and therefore our capital budget is subject to change.

Our proved undeveloped reserves at June 30, 2021 included 1.81 MMBOE of reserves and approximately \$8.6 million of future development costs associated with Phase V development in the eastern portion of the Delhi field. Such development requires participation by both the operator and us. Based on our discussions with the operator, we do not expect drilling to commence prior to the second half of fiscal 2023. The timing of Phase V is dependent, in part, on the field operator's available funds, capital spending plans, and priorities within its portfolio of properties.

In January 2022, we acquired non-operated oil and natural gas properties in the Williston Basin with approximately 39% working interest and 33% revenue interest from Foundation Energy Management. The acquisition was made solely on proved producing properties.

Cash Flow Activities

	Nine Months Ended March 31,	
	2022	2021
Cash flows provided by (used in) operating activities	\$ 28,691,050	\$ 2,559,382
Cash flows provided by (used in) investing activities	(28,139,918)	(2,508,690)
Cash flows provided by (used in) financing activities	7,540,896	(2,673,682)
Net increase (decrease) in cash and cash equivalents	\$ 8,092,028	\$ (2,622,990)

Cash provided by operating activities in the current period increased \$26.1 million compared to the same year-ago period driven by an increase in our operating revenues and related production volumes from the acquisitions of our Barnett Shale properties in May 2021 and our Williston Basin properties in January 2022.

Cash used in investing activities increased \$25.6 million primarily due to the acquisition of our Williston Basin properties in January 2022 totaling \$25.7 million and a \$1.5 million deposit made in February 2022 for the Jonah Field Acquisition, which closed on April 1, 2022.

During the nine months ended March 31, 2022, the cash provided by financing activities totaled \$7.5 million compared to cash used in financing activities of \$2.7 million for the nine months ended March 31, 2021. Net borrowings on our credit facility totaled \$16.0 million for the nine months ended March 31, 2022. This was offset by net cash used for payment of common stock dividends totaling \$8.4 million for the current year period compared to \$2.7 million paid in the prior year period.

Results of Operations
Three Months Ended March 31, 2022 and 2021

Revenues

Compared to the corresponding year-ago quarter, current quarter revenues increased 236.4% primarily due to an increase in production and an overall increase in average realized prices for our production. Total production increased due to volumes received from our Williston Basin Acquisition in January 2022 and the acquisition of our Barnett Shale properties in May 2021. Oil and natural gas prices are inherently volatile and began to stabilize in 2021 and continuing into 2022. Our average realized oil price and average realized NGL price increased primarily due to the recovery of West Texas Intermediate ("WTI") pricing in 2022, as the demand for oil has begun to recover as a result of the roll-out of the COVID-19 vaccine, lessening of pandemic related government restrictions on individuals and businesses and sanctions affecting Russian oil and natural gas supplies.

The following table summarizes total revenues, production volumes, daily production volumes, and average realized prices for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
Revenues:				
Crude oil	\$ 14,868,519	\$ 7,076,965	\$ 7,791,554	110.1 %
Natural gas	6,070,866	141	6,070,725	4,305,478.7 %
Natural gas liquids	4,749,719	558,642	4,191,077	750.2 %
Total revenues	\$ 25,689,104	\$ 7,635,748	\$ 18,053,356	236.4 %
Volumes:				
Crude oil (Bbl)	162,892	132,230	30,662	23.2 %
Natural gas (Mcf)	1,428,645	60	1,428,585	2,380,975.0 %
Natural gas liquids (Bbl)	101,110	21,497	79,613	370.3 %
Equivalent volumes (BOE)	502,109	153,737	348,372	226.6 %
Average daily equivalent volumes (per day):				
Crude oil (BOPD, net)	1,810	1,469	341	23.2 %
Natural gas (BOEPD, net)	2,646	—	2,646	100.0 %
Natural gas liquids (BOEPD, net)	1,123	239	884	369.9 %
Equivalent volumes (BOEPD, net)	5,579	1,708	3,871	226.6 %
Average realized price:				
Crude oil price per Bbl	\$ 91.28	\$ 53.52	\$ 37.76	70.6 %
Natural gas price per Mcf	4.25	2.35	1.90	80.9 %
Natural gas liquids price per Bbl	46.98	25.99	20.99	80.8 %
Equivalent price per BOE	\$ 51.16	\$ 49.67	\$ 1.49	3.0 %

Lease Operating Costs

Lease operating costs are presented in two components: (i) CO₂ costs for the Delhi field and (ii) other lease operating costs for all of our oil and natural gas properties.

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
CO ₂ costs (a)	\$ 2,320,301	\$ 985,931	\$ 1,334,370	135.3 %
Other lease operating costs	9,763,368	2,620,580	7,142,788	272.6 %
Total lease operating costs	\$ 12,083,669	\$ 3,606,511	\$ 8,477,158	235.1 %
CO ₂ costs per BOE	\$ 4.62	\$ 6.41	\$ (1.79)	(27.9)%
All other lease operating costs per BOE	19.45	17.05	2.40	14.1 %
Lease operating costs per BOE	\$ 24.07	\$ 23.46	\$ 0.61	2.6 %

(a) Under our contract with the Delhi field operator, purchased CO₂ is priced at 1% of the realized oil price in the field per Mcf, plus sales taxes and transportation costs as per contract terms

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
CO ₂ costs per mcf	\$ 1.12	\$ 0.71	\$ 0.41	57.7 %
CO ₂ volumes (MMcf per day, gross)	96.0	64.5	31.5	48.8 %

Compared to the year-ago quarter, CO₂ costs increased \$1.3 million to \$2.3 million compared to \$1.0 million in 2021. The approximate \$1.3 million increase was due to an increase in purchased volumes as well as an increase in the realized oil price in the Delhi field. As indicated above, our contract with the Delhi field operator, purchased CO₂ is priced at 1% of the realized oil price in the field.

Compared to the year-ago quarter, "Other lease operating costs" increased by \$7.1 million primarily due to the acquisition of our Williston Basin properties in January 2022 and the acquisition of our Barnett Shale properties in May 2021. Lease operating costs per BOE for the current quarter for our Williston Basin properties and Barnett Shale properties were \$23.17 per BOE and \$17.57 per BOE, respectively.

On a total cost per BOE basis, Delhi field costs increased 68.7% to \$36.31 per BOE in the current quarter, primarily due to a 148.0% increase in CO₂ cost per BOE together with an 18.8% increase in other lease operating costs per BOE, resulting from 5.0% decrease in barrel equivalent production.

Hamilton Dome Field costs per BOE increased 42.1% to \$42.64 per BOE in the current quarter primarily due to increased workover spending in the field due to higher commodity prices that has resulted in a 6.1% increase in barrel equivalent production.

Depletion, Depreciation, and Amortization ("DD&A")

Total DD&A expense was 62.2% higher compared to the year-ago quarter due to an increase in oil and natural gas DD&A amortization attributable to an increase in production compared to the year-ago quarter, partially offset by a 52% lower DD&A per BOE rate. The decrease on a per BOE basis was primarily driven by the increase in our oil and natural gas reserves due to the Williston Basin Acquisition in January 2022 and the acquisition of our Barnett Shale properties in May 2021.

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
DD&A of proved oil and natural gas properties	\$ 1,601,485	\$ 1,020,810	\$ 580,675	56.9 %
Depreciation of other property and equipment	—	1,810	(1,810)	(100.0)%
Amortization of intangibles	—	3,391	(3,391)	(100.0)%
Accretion of asset retirement obligations	135,741	44,956	90,785	201.9 %
Total DD&A	\$ 1,737,226	\$ 1,070,967	\$ 666,259	62.2 %
Oil and natural gas DD&A rate per BOE	\$ 3.19	\$ 6.64	\$ (3.45)	(52.0)%

Impairment of Well Lift Inc. - Related Expenses

Our royalty rights and investment in Well Lift, Inc. ("WLI") resulted from the separation of our artificial lift technology operations in December 2015. We conveyed our patents and other intellectual property to WLI and retained a 5% royalty on future gross revenues associated with the technology. We own approximately 18% of common stock and 100% of the preferred stock of WLI and account for our investment in this private company at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, if such were to occur. We evaluate the investment for impairment when it identifies any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment. At March 31, 2021, we reviewed our investment in WLI for potential impairment and, as a result, recorded an impairment expense of \$0.1 million. This impairment charge was recorded based on a variety of factors including the level of activity associated with this technology.

General and Administrative Expenses

For the three months ended March 31, 2022, general and administrative expenses decreased \$0.3 million to \$1.5 million, compared to the year-ago quarter, primarily due to lower acquisition-related legal and tax expenses.

Other Income and Expenses

Net Loss (Gain) on Derivative Contracts

Periodically, in accordance with our policies and the requirements under the Senior Secured Credit Facility, we may hedge a varying portion of anticipated oil and natural gas production for future periods. We have elected not to designate our open derivative contracts for hedge accounting, and accordingly, we recorded the net change in the mark-to-market valuation of the derivative contracts in the unaudited consolidated condensed statements of operations. The amounts recorded on the unaudited consolidated condensed statements of operations related to derivative contracts represent the (i) (gains) losses related to fair value adjustments on our open, or unrealized, derivative contracts, and (ii) (gains) losses on settlements of derivative contracts for positions that have settled or been realized. As a result of the Williston Basin Acquisition in January 2022, we were required by the terms of our Senior Secured Credit Facility to hedge a portion of our collateral production. The increase in commodity prices since entering into the hedges resulted in a realized loss on hedges this quarter and an unrealized loss due to the mark-to-market value of remaining hedges.

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
Commodity contracts:				
Realized loss (gain) on derivative contracts	\$ 193,228	\$ —	193,228	(100.0)%
Unrealized loss (gain) on derivative contracts	2,398,237	—	2,398,237	(100.0)%
Total net (gain) loss on derivative contracts	\$ 2,591,465	\$ —	\$ 2,591,465	(100.0)%
Average realized crude oil price per Bbl	\$ 91.28	\$ 53.52	\$ 37.76	71 %
Cash effect of derivative contracts (per Bbl):	\$ (1.19)	\$ —	\$ (1.19)	100 %
Crude oil price per Bbl (including impact of realized derivatives)	\$ 90.09	\$ 53.52	\$ 36.57	68 %

Interest and Other Income and Interest Expense

Other income and expense (net) increased primarily due to an increase in interest expense as a result of higher borrowings outstanding on our Senior Secured Credit Facility.

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
Interest and other income	\$ 2,212	\$ 9,223	\$ (7,011)	(76.0)%
Interest expense	(170,332)	(18,686)	(151,646)	811.5 %
Total other income (expense), net	\$ (168,120)	\$ (9,463)	\$ (158,657)	1,676.6 %

Net Income

Net income attributable to common stockholders for the three months ended March 31, 2022 increased \$4.5 million to \$5.7 million compared to the year-ago quarter. Pre-tax income increased due to the aforementioned revenue and expense variances. Our income tax provision increased primarily due to higher pre-tax income as well as a increase in our effective tax rate whereas in the prior year period we recorded a \$2.8 million income tax benefit related to EOR credits claimed on income

tax returns for fiscal 2019, 2018 and 2017.

	Three Months Ended March 31,		Variance	Variance %
	2022	2021		
Income (loss) before income taxes	\$ 7,593,367	\$ 971,142	\$ 6,622,225	681.9 %
Income tax provision (benefit)	1,887,556	(219,859)	2,107,415	(958.5)%
Net income (loss) attributable to common stockholders	\$ 5,705,811	\$ 1,191,001	\$ 4,514,810	379.1 %
Income tax provision (benefit) as percentage of income (loss) before income taxes	24.9 %	(22.6)%		

Results of Operations
Nine Months Ended March 31, 2022 and 2021

Revenues

Compared to the corresponding nine months ended March 31, 2021, current period revenues increased 252.2% primarily due to a 206.2% increase in production together with an increase in the average realized prices for oil and natural gas. Total production increased due to volumes received from our Williston Basin Acquisition in January 2022 and the acquisition of our Barnett Shale properties in May 2021. Oil and natural gas prices are inherently volatile and began to stabilize in 2021 and continuing into 2022. Our average realized oil price was higher primarily due to the recovery of WTI pricing in 2022, as the demand for oil has begun to recover primarily as a result of the roll-out of the COVID-19 vaccine, lessening of pandemic related government restrictions on individuals and businesses and sanctions affecting Russian oil and natural gas supplies.

The following table summarizes total revenues, production volumes, daily production volumes and average realized prices for the nine months ended March 31, 2022 and 2021:

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
Revenues:				
Crude oil	\$ 34,309,127	\$ 17,918,909	\$ 16,390,218	91.5 %
Natural gas	20,698,653	499	20,698,154	4,147,926.7 %
Natural gas liquids	11,898,695	1,079,868	10,818,827	1,001.9 %
Total revenues	\$ 66,906,475	\$ 18,999,276	\$ 47,907,199	252.2 %
Volumes:				
Crude oil (Bbl)	447,372	418,587	28,785	6.9 %
Natural gas (Mcf)	4,727,948	275	4,727,673	1,719,153.8 %
Natural gas liquids (Bbl)	260,346	69,916	190,430	272.4 %
Equivalent volumes (BOE)	1,495,709	488,549	1,007,160	206.2 %
Average daily equivalent volumes (per day):				
Crude oil (BOPD, net)	1,633	1,528	105	6.9 %
Natural gas (BOEPD, net)	2,876	—	2,876	100.0 %
Natural gas liquids (BOEPD, net)	950	255	695	272.5 %
Equivalent volumes (BOEPD, net)	5,459	1,783	3,676	206.2 %
Average realized price:				
Crude oil price per Bbl	\$ 76.69	\$ 42.81	\$ 33.88	79.1 %
Natural gas price per Mcf	4.38	1.81	2.57	142.0 %
Natural gas liquids price per Bbl	45.70	15.45	30.25	195.8 %
Equivalent price per BOE	\$ 44.73	\$ 38.89	\$ 5.84	15.0 %

Lease Operating Costs

Lease operating costs are presented in two components: (i) CO₂ costs for the Delhi field and (ii) other lease operating costs for all of our oil and natural gas properties.

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
CO ₂ costs (a)	\$ 5,134,724	\$ 1,605,818	\$ 3,528,906	219.8 %
Other lease operating costs	26,245,086	7,404,030	18,841,056	254.5 %
Total lease operating costs	\$ 31,379,810	\$ 9,009,848	\$ 22,369,962	248.3 %
CO ₂ costs per BOE	\$ 3.43	\$ 3.29	\$ 0.14	4.3 %
All other lease operating costs per BOE	17.55	15.15	2.40	15.8 %
Lease operating costs per BOE	\$ 20.98	\$ 18.44	\$ 2.54	13.8 %

(a) Under our contract with the Delhi field operator, purchased CO₂ is priced at 1% of the realized oil price in the field per Mcf, plus sales taxes and transportation costs as per contract terms.

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
CO ₂ costs per mcf	\$ 0.99	\$ 0.64	\$ 0.35	54.7 %
CO ₂ volumes (MMcf per day, gross)	79.6	38.3	41.3	107.8 %

Compared to the nine months ended March 31, 2021, CO₂ costs increased \$3.5 million. The approximate 219.8% increase is due to the 79.1% increase in our average realized oil price combined with the 107.8% increase in purchased CO₂ volumes.

Compared to the nine months ended March 31, 2021, "Other lease operating costs" increased by \$18.8 million primarily due to the Williston Basin Acquisition in January 2022 and the acquisition of the Barnett Shale properties in May 2021. For the nine months ended March 31, 2022, lease operating costs per BOE for our Williston Basin properties and Barnett Shale properties were \$23.17 per BOE and \$15.93 per BOE, respectively.

On a total cost per BOE basis, Delhi field costs increased 92.4% to \$30.74 per BOE in the current period, primarily due to a 259.9% increase in CO₂ cost per BOE together with a 32.2% increase in other lease operating costs per BOE, resulting from an 11.2% decrease in barrel equivalent production. As indicated above, our contract with the Delhi field operator, purchased CO₂ is priced at 1% of the realized oil price in the field. Hamilton Dome field costs per BOE increased 43.9% to \$39.26 per BOE in the current period primarily due to increased workover spending in the field due to higher commodity prices that has resulted in a 5.8% increase in barrel equivalent production.

Depletion, Depreciation, and Amortization ("DD&A")

Total DD&A expense was 16.9% higher compared to the nine months ended March 31, 2021 primarily due to an 12.3% increase in the oil and gas DD&A amortization attributable to the 206.2% increase in equivalent barrels of oil volumes compared to the prior year. The increase due to volumes was partially offset by a 63.4% decrease in the DD&A rate per BOE as result of an increase in our proved reserves associated with the Williston Basin Acquisition in January 2022 and the acquisition of the Barnett Shale properties in May 2021.

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
DD&A of proved oil and natural gas properties	\$ 4,145,557	\$ 3,691,611	\$ 453,946	12.3 %
Depreciation of other property and equipment	3,902	5,430	(1,528)	(28.1)%
Amortization of intangibles	—	10,173	(10,173)	(100.0)%
Accretion of asset retirement obligations	339,300	132,809	206,491	155.5 %
Total DD&A	\$ 4,488,759	\$ 3,840,023	\$ 648,736	16.9 %
Oil and natural gas DD&A rate per BOE	\$ 2.77	\$ 7.56	\$ (4.79)	(63.4)%

Impairment of Proved Property

We utilize the full cost method of accounting for our oil and gas properties under the full cost method of accounting, capitalized costs of oil and gas properties, net of accumulated DD&A and related deferred taxes, are limited to the estimated future net cash flows from proved oil and gas reserves, discounted at 10%, plus the lower of cost or fair value of unproved properties included in the amortization base, plus the cost of unproved properties excluded from amortization, as adjusted for related income tax effects (the valuation "ceiling").

We recorded a proved property impairment of \$24.8 million during the nine months ended March 31, 2021 primarily as a result of the decline in the price of oil over the historical twelve month period.

At March 31, 2022, our net book value of oil and natural gas properties did not exceed the current ceiling.

Impairment of Well Lift Inc. - Related Expenses

Our royalty rights and investment in WLI resulted from the separation of our artificial lift technology operations in December 2015. We conveyed our patents and other intellectual property to WLI and retained a 5% royalty on future gross revenues associated with the technology. We own approximately 18% of the common stock and 100% of the preferred stock of WLI and account for our investment in this private company at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, if such were to occur. We evaluate the investment for impairment when we identify any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment. At March 31, 2021, we reviewed our investment in WLI for potential impairment and, as a result, recorded an impairment expense of \$0.1 million. This impairment charge was recorded based on a variety of factors including the level of activity associated with this technology.

General and Administrative Expenses

For the nine months ended March 31, 2022, expenses of \$5.3 million increased \$0.3 million, or 6.5%, compared to the nine months ended March 31, 2021, primarily due to approximately \$0.3 million of higher salary and employee benefits related costs incurred.

Other Income and Expenses

Net Loss (Gain) on Derivative Contracts

Periodically, we utilize commodity derivative financial instruments to reduce our exposure to fluctuations in oil and natural gas prices. We have elected not to designate our open derivative contracts for hedge accounting, and accordingly, we recorded the net change in the mark-to-market valuation of the derivative contracts in the unaudited consolidated condensed statements of operations. The amounts recorded on the unaudited consolidated condensed statements of operations related to derivative contracts represent the (i) (gains) losses related to fair value adjustments on our open, or unrealized, derivative contracts, and (ii) (gains) losses on settlements of derivative contracts for positions that have settled or been realized. As a result of the Williston Basin Acquisition in January 2022, we were required by the terms of our Senior Secured Credit Facility to hedge a portion of our collateral production. The increase in commodity prices since entering into the hedges resulted in a realized loss on hedges for the nine months ended March 31, 2022 and an unrealized loss due to the mark-to-market value of remaining hedges.

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
Commodity contracts:				
Realized loss (gain) on derivative contracts	\$ 193,228	\$ 2,525,988	\$ (2,332,760)	(92.4)%
Unrealized loss (gain) on derivative contracts	2,398,237	(1,911,343)	4,309,580	(225.5)%
Total net (gain) loss on derivative contracts	\$ 2,591,465	\$ 614,645	\$ 1,976,820	321.6 %
Average realized crude oil price per Bbl	\$ 76.69	\$ 42.81	\$ 33.88	79.1 %
Cash effect of derivative contracts (per Bbl):	(0.43)	(6.03)	5.60	(92.9)%
Crude oil price per Bbl (including impact of realized derivatives)	\$ 76.26	\$ 36.78	\$ 39.48	107.3 %

Interest and Other Income and Interest Expense

Other income and expense (net) increased primarily due to an increase in interest expense as a result of higher borrowings outstanding on our Senior Secured Credit Facility.

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
Interest and other income	\$ 11,982	\$ 34,866	\$ (22,884)	(65.6)%
Interest expense	(271,874)	(60,340)	(211,534)	350.6 %
Total other income (expense), net	\$ (259,892)	\$ (25,474)	\$ (234,418)	920.2 %

Net Income (Loss)

Net income (loss) attributable to common stockholders for the nine months ended March 31, 2022 increased \$36.4 million to \$17.8 million compared to the nine months ended March 31, 2021. Pre-tax income increased due to the aforementioned revenue and expense variances. Our income tax provision increased primarily due to higher pre-tax income.

	Nine Months Ended March 31,		Variance	Variance %
	2022	2021		
Income (loss) before income taxes	\$ 22,908,138	\$ (24,384,855)	\$ 47,292,993	(193.9)%
Income tax provision (benefit)	5,151,754	(5,730,701)	10,882,455	(189.9)%
Net income (loss) attributable to common stockholders	\$ 17,756,384	\$ (18,654,154)	\$ 36,410,538	(195.2)%
Income tax provision (benefit) as percentage of income (loss) before income taxes	22.5 %	23.5 %		

Critical Accounting Policies and Estimates

See our Critical Accounting Policies and Estimates as disclosed within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2021 Form 10-K. For recently adopted and recently issued accounting pronouncements from the Financial Accounting Standards Board, please see Note 2, "Summary of Significant Accounting Policies" herein.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Information about market risks for the nine months ended March 31, 2022 did not change materially from the disclosures in Item 7A of our Annual Report on Form 10-K for the year ended June 30, 2021.

Derivative Instruments and Hedging Activity

We are exposed to various risks, including energy commodity price risk, such as price differentials between the NYMEX commodity price and the index price at the location where our production is sold. When oil, natural gas, and natural gas liquids prices decline significantly, our ability to finance our capital budget and operations may be adversely impacted. We expect energy prices to remain volatile and unpredictable, therefore we monitor commodity prices to identify the potential need for the use of derivative financial instruments to provide partial protection against declines in oil and natural gas prices. We do not enter into derivative contracts for speculative trading purposes.

We are exposed to market risk on our open derivative contracts related to potential non-performance by our counterparties. It is our policy to enter into derivative contracts only with counterparties that are creditworthy institutions deemed by management as competitive market makers. We account for our derivative activities under the provisions of ASC 815, *Derivatives and Hedging*, ("ASC 815"). ASC 815 establishes accounting and reporting that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at fair value. See Note 16, "Derivatives" to our unaudited consolidated condensed financial statements for more details.

Interest Rate Risk

We are exposed to changes in interest rates. Changes in interest rates affect the interest earned on our cash and cash equivalents. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

As required by SEC Rule 13a-15(b), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(e)) as of the end of the quarter covered by this report. In designing and evaluating our disclosure controls and procedures, our management recognizes that controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving desired control objectives. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2022 our disclosure controls and procedures are effective in ensuring that the information

required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

Under the supervision and with the participation of our management, including its Chief Executive Officer and Chief Financial Officer, during the quarter ended March 31, 2022, we have determined there have been no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Our Annual Report on Form 10-K for the year ended June 30, 2021 includes a detailed description of our risk factors. In addition to those, we add the following risk factor below:

Greenhouse Gas and Climate Change Laws and Regulations

Our operations are subject to a number of risks arising out of concerns regarding the threat of climate change, including regulatory, political, litigation and financial risks, that could result in increased operating costs and costs of compliance, limiting the areas in which oil and natural gas production may occur and reducing the demand for oil and natural gas.

The threat of climate change continues to attract considerable attention. Numerous initiatives have been proposed and more are expected to come that focus on monitoring and limiting existing sources of greenhouse gas emissions as well as restricting or eliminating emissions from new sources. As a result, we are subject to numerous risks associated with the production and processing of fossil fuels and emission of greenhouse gas.

Governmental, scientific, and public concern over the threat of climate change arising from greenhouse emissions has resulted in increasing political risks in the United States. Proposals to ban hydraulic fracturing of oil and natural gas wells and ban new leases for production of minerals on federal properties, including onshore lands and offshore waters have already been made. Other actions that could be pursued may include more restrictive requirements for drilling or construction permits, the reversal of the United States' withdrawal from the Paris Agreement in November 2020, and reinstatement of the ban on oil exports. Litigation risks are also increasing as a number of suits against oil and natural gas exploration and production companies have been brought in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects.

There are also financial risks for the energy industry as it may become more difficult to access the capital markets as the threat of climate change may impact decisions made by potential investors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Limitation of investments in and financings for the energy industry could result in the restriction, delay or cancellation of drilling programs or development or production activities.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

During the quarter ended March 31, 2022, we did not purchase any common stock in the open market under a previously announced share repurchase program and no shares of common stock were surrendered by our employees to pay their share of payroll taxes arising from vesting of restricted stock.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

A. Exhibits

10.6*	Purchase and Sale Agreement, dated January 14, 2022, between Evolution Petroleum Corporation, Foundation Energy Fund VII-A, LP and Foundation Energy Management, LLC
10.7*	Purchase and Sale Agreement, dated April 1, 2022, between Evolution Petroleum Corporation and Exaro Energy III, LLC
10.8*	Seventh Amendment to the Credit Agreement dated August 5, 2021, between Evolution Petroleum Corporation and MidFirst Bank effective June 30, 2021
10.9*	Ninth Amendment to the Credit Agreement dated February 4, 2022, between Evolution Petroleum Corporation and MidFirst Bank effective February 4, 2022.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Attached hereto.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EVOLUTION PETROLEUM CORPORATION
(Registrant)

By: /s/ Jason E. Brown
Jason E. Brown
President and Chief Executive Officer

By: /s/ Ryan Stash
Ryan Stash
Senior Vice President, Chief Financial Officer
and Treasurer

Date: May 12, 2022

PURCHASE AND SALE AGREEMENT

by and between

**FOUNDATION ENERGY FUND VII-A, L.P.
and
FOUNDATION ENERGY MANAGEMENT, LLC**

(Seller)

and

**EVOLUTION PETROLEUM CORPORATION
(Buyer)**

Dated as of January 14, 2022

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Exhibits and Schedules

Exhibit A	Purchase and Sale Agreement dated August 24, 2021, entered by NP Resources, LLC and FEF VII-A
Exhibit B-1	Form of EPC’s Officer Certificate
Exhibit B-2	Form of Sellers’ Officer Certificate
Exhibit C	Form of Non-Foreign Status Affidavit
Exhibit D	Form of Development Plan
Schedule 2.3	Closing Settlement Statement
Schedule 3.1(k)	Required Consents
Schedule 3.1(l)	Imbalances Since the Effective Time

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (“*Agreement*”) is entered into this 14th day of January, 2022, between Foundation Energy Fund VII-A, L.P., a Delaware limited partnership (“*FEF VII-A*”) and Foundation Energy Management, LLC (“*FEM*”), the address for each being 5057 Keller Springs Rd., Suite 650, Addison, Texas 75001, and Evolution Petroleum Corporation, a Nevada corporation, (“*EPC*”), having an address of 1155 Dairy Ashford St., Suite 425, Houston, Texas.

FEF VII-A and FEM, acting jointly and severally, are collectively referred to herein sometimes as “*Seller*” or “*Sellers*”.

FEF VII-A, FEM, and EPC are collectively referred to herein as the “*Parties*” and each individually referred to herein as a “*Party*.”

WITNESSETH:

This Agreement is based upon the following matters:

A. A Purchase and Sale Agreement (“*NPR PSA*”) dated August 24, 2021, was entered by NP Resources, LLC (“*NPR*”) and FEF VII-A, a copy of which is attached hereto as Exhibit A and made a part hereof.

B. Unless otherwise expressly stated herein, capitalized terms used in this Agreement shall have the same meaning as set forth in the NPR PSA.

C. Pursuant to the terms of the NPR PSA, with closing having occurred on October 4, 2021, but effective June 1, 2021 at 7:00 a.m. Mountain Time, (the “*Effective Time*”), FEF VII-A did acquire all the right, title and interest of NPR Resources, LLC in the Properties described in and covered by the NPR PSA.

D. All the right, title and interest in said Properties acquired by FEF VII-A from NPR, less and except the Suspense Funds, and less and except the joint interest billing receivables, are herein referred to as the (“*NPR Properties*”).

E. Subject to the terms and conditions set forth herein, effective as of the Effective Time, FEF VII-A desires to sell to EPC, and EPC desires to purchase from FEF VII-A, an undivided one-half (50%) interest in and to the NPR Properties with FEF VII-A retaining the remaining undivided one-half (50%) interest in and to the NPR Properties.

NOW, THEREFORE, in consideration of the mutual benefits derived and to be derived herefrom by each Party, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I Covenant to Purchase and Sell

Section 1.1 Agreement to Sell and Purchase. Closing under this Agreement is to occur on the date of this Agreement. At the closing under this Agreement, effective as of the Effective

Time, subject to the terms, conditions and reservations herein, FEF VII-A shall sell, convey and assign to EPC, and EPC shall purchase, pay for, and accept, an undivided one-half (50%) interest of the NPR Properties, and, to the extent attributable to said undivided one-half (50%) interest of the NPR Properties, all rights, title, interest in, and benefits granted and conveyed by NPR to FEF VII-A under the NPR PSA (save and except, and excluding, the right to operate the NPR Properties reserved by Sellers in Article X below) (the “**1/2 Property Share**”).

Section 1.2 Assumed Liabilities. Without limiting EPC’s pass-through portion of FEF VII-A’s rights to indemnity under Article XI of the NPR PSA, and remedies for Title Defects and Environmental Defects pursuant to Article VI of the NPR PSA, EPC shall assume and hereby agrees to fulfill, perform, pay and discharge (or cause to be fulfilled, performed, paid and discharged) one-half (50%) of all of the Assumed Liabilities under the NPR PSA, save and except FEM shall have sole responsibility for all obligations under the NPR PSA relating to the Suspense Funds.

Section 1.3 Closeout Hedge Contract. Following closing under the NPR PSA, FEM entered Hedge Contracts covering Hydrocarbon production from or attributable to the NPR Properties. On or before closing under this Agreement such Hedge Contracts will be closed out by FEM as to the 1/2 Property Share, or, at the written election of EPC, if available by the hedge providers, novated to EPC as to the ½ Property Share. EPC will be responsible for any costs associated with such requirements of FEM to reset the Hedge Contracts (“**Hedge Closeout Costs**”).

Section 1.4 Mortgage Debt. FEF VII-A borrowed money from Amegy Bank, granting Amegy Bank a mortgage lien on the NPR Properties (the “**Amegy Mortgage Lien**”).

ARTICLE II EPC Purchase Price

Section 2.1 EPC’s Purchase Price. The purchase price for the sale and conveyance of the ½ Property Share to EPC shall be as follows (collectively the “**EPC Purchase Price**”):

(a) One-half of the adjusted Purchase Price paid by FEF VII-A to NPR under the NPR PSA (the Purchase Price under the NPR PSA being adjusted under Section 3.2 of said document and as otherwise expressly provided in said document, which adjustments are subject to agreement by FEF VII-A and NPR by their respective joint execution of the Preliminary Settlement Statement and Final Settlement Statement provided under the NPR PSA, or, in absence of agreement, by resolution of disputes by the Accounting Expert provided in the NPR PSA) (“**Acquisition Reimbursement**”);

(b) Cash consideration in the amount of Eight Hundred Fifty Thousand Dollars (\$850,000) paid to FEF VII-A (“**Cash Consideration**”);

(c) The sum of Five Hundred Thousand Dollars (\$500,000) paid to FEF VII-A (“**Management Reimbursement Fee**”);

(d) The sum of money paid to FEF VII-A, being one-half of the out-of-pocket legal, title examination, and environmental/property inspection costs incurred by FEF VII-A under the

NPR PSA, (“*Due Diligence Reimbursement*”) (Schedule 2.3 attached hereto contains the presently assembled schedule of such costs); and

(e) The Hedge Closeout Costs.

All sums of money to be paid as part of EPC Purchase Price shall be payable via direct bank deposit or wire transfer of immediately available United States dollars.

Section 2.2 Intentionally removed.

Section 2.3 Adjustments to EPC Purchase Price. The Acquisition Reimbursement to be paid by EPC to FEF VII-A shall be adjusted as follows and as described on Schedule 2.3 and as finally adjusted on the Post-Closing Settlement Statement:

(a) The EPC Purchase Price shall be adjusted upward by the following (without duplication of any amounts):

(i) the amount of all costs and expenses (including rentals, delay rentals, royalties, top lease payments, extension and/or renewal payments, Taxes, utilities, water and sewer charges, capital expenditures, lease operating expenses, deposits or items pre-paid by Sellers) paid by or on behalf of Sellers (and not deducted or netted from the proceeds described in Section 2.3(b)(i)) with respect to the ½ Property Share and attributable to any period of time from and after the Effective Time (whether paid before or after the Effective Time) (the foregoing costs and expenses shall be inclusive of any operating overhead fees charges of FEM for operations of any of the NPR Properties); and

(ii) any other upward adjustment provided for elsewhere in this Agreement or mutually agreed upon by Sellers and EPC.

(b) The EPC Purchase Price shall be adjusted downward by the following (without duplication of any amounts):

(i) the amount of net proceeds (gross proceeds *less* amounts actually paid or payable by (or on behalf of) Sellers (or any of its Affiliates) as royalties, overriding royalties, and similar burdens on production and severance, and Production Taxes) received by Sellers and derived from the sale by Sellers of Hydrocarbons from and after the Effective Time attributable to the ½ Property Share; and

(ii) any other downward adjustment provided for elsewhere in this Agreement or mutually agreed upon by Sellers and EPC.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of FEF VII-A. FEF VII-A represents and warrants to EPC that as of the date of this Agreement and as of the closing hereunder:

(a) Organization and Good Standing. FEF VII-A is a limited partnership, duly organized, validly existing and in good standing under the Laws of Delaware, has full legal power to carry on its business as now conducted, is authorized to hold title to the NPR Properties and is in good standing and duly qualified to conduct its business in North Dakota.

(b) Authorization. The execution, delivery and performance of this Agreement by FEF VII-A and the consummation by FEF VII-A of the transactions contemplated hereby have been duly and validly authorized pursuant to the governing documents of FEF VII-A.

(c) Enforceability.

(i) Assuming the execution and delivery by the other Parties to this Agreement, this Agreement and the closing performances of FEF VII-A under this Agreement are the valid and binding obligations of FEF VII-A, enforceable against FEF VII-A in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability and to general equitable principles.

(ii) Except for (A) (intentionally removed); (B) required consents to transfer (including those set forth on Schedule 4.1(k) of the NPR PSA); or (C) any other third-party approvals or consents necessary with respect to the transactions contemplated herein, including Customary Post-Closing Consents, neither the execution and delivery by FEF VII-A of this Agreement and the performances to be delivered by FEM under this Agreement, nor the consummation by FEF VII-A of the transactions contemplated by this Agreement, will violate or be in conflict with: (1) the articles of incorporation, bylaws or governing documents of FEF VII-A; (2) any material provision of any agreement or instrument to which FEF VII-A is a party or by which it, or the NPR Properties, is bound; or (3) any material provision of any Law applicable to FEF VII-A or any NPR Property, except, in the case of (2) and (3), where such violation or conflict would not have a Material Adverse Effect.

(d) Brokers' Fees. FEF VII-A has not made any agreement with respect to any broker's or finder's fees arising out of or in any way related to the transactions contemplated by this Agreement for which EPC will have any liability.

(e) Litigation. (i) There is no action, suit or other legal proceeding pending against FEF VII-A with respect to the NPR Properties before any Governmental Authority or arbitrator, and (ii) FEF VII-A has not received written notice of any material action, suit or other legal proceeding that has been threatened or is pending against FEF VII-A with respect to the NPR Properties before any Governmental Authority or arbitrator, and (iii) there exist no unsatisfied judgments that would result in material impairment or loss of FEF VII-A's interest in any part of the NPR Properties.

(f) Taxes. (i) All material Tax Returns relating to the NPR Properties that are required to have been filed by FEF VII-A since Closing under the NPR PSA have been timely filed, (ii) all material Taxes shown as due on such Tax Returns have been paid or provided for, except those being contested in good faith, and (iii) there are no Tax liens (other than Permitted Encumbrances) on any of the NPR Properties.

(g) Governmental Authorization. As to FEM as operator of the FEM operated NPR Properties, and, to the extent of FEF VII-A's Knowledge, as to any third party operator of the third party operated NPR Properties, the operator has all licenses, authorizations, consents and approvals from all Governmental Authorities required for the ownership and operation of the NPR Properties, the absence of which would not have a Material Adverse Effect on the NPR Properties taken as a whole.

(h) No Bankruptcy. There are no bankruptcy proceedings pending, being contemplated by, or to FEF VII-A's Knowledge threatened against FEF VII-A.

(i) Compliance with Law. Schedule 4.1(i) of the NPR PSA sets forth the notices of violation, judgments and court orders of NPR. Excluding matters disclosed in Schedule 4.1(i) of the NPR PSA and matters disclosed in all title reports and property inspection reports prepared by or on behalf of FEF VII-A in connection with the title examination and property inspections conducted by FEF VII-A with respect to its due diligence under the NPR PSA and delivered electronically to EPC prior to the date hereof ("*FEF VII-A's Reports*"), FEF VII-A has not received a written notice of a material violation of any Law applicable to the NPR Properties or operations on the NPR Properties, which remains uncured or would have a Material Adverse Effect on the NPR Properties, taken as a whole.

(j) Leases. To the Knowledge of FEF VII-A, NPR was not in material breach of the Leases before the date of Closing (as defined in the NPR PSA). Neither FEF VII-A nor FEM are in material breach of the Leases since the Closing under the NPR PSA.

(k) Rights in Third Parties. Schedule 3.1(k) sets forth a list of required consents that have not been obtained prior to the closing hereunder. Except (i) as set out on Schedule 4.1(k) of the NPR PSA and Schedule 3.1(k) hereto, (ii) for any Customary Post Closing Consents, and (iii) under any Applicable Contracts that are terminable by FEF VII-A or FEM, or their respective assignee on not more than sixty (60) days' notice, (y) to FEF VII-A's Knowledge there are no preferential rights to purchase that are applicable in connection with the transfer of the ½ Property Share to EPC and (z) to FEF VII-A's Knowledge there are no required consents to assign that are applicable in connection with the transfer of the ½ Property Share to EPC.

(l) Imbalances. Schedule 3.1(l) sets forth Imbalances to the NPR Properties since the Effective Time under the NPR PSA. To FEF VII-A's Knowledge Schedule 4.1(l) of the NPR PSA and Schedule 3.1(l) set out all Imbalances associated with the NPR Properties as of the closing hereunder.

(m) Material Contracts. To FEF VII-A's Knowledge, there are no adjustments or changes to be made to Schedule 4.1(m) of the NPR PSA of Material Contracts and the representation of NPR under Section 4.1(m) of the NPR PSA.

(n) Foreign Person. FEF VII-A is not a "foreign person" within the meaning of Section 1445 of the Code.

(o) Liens. To the Knowledge of FEF VII-A, there are no liens and encumbrances to which the ½ Property Share was subject when delivered to FEF VII-A by NPR, save and except the Permitted Encumbrances (including the liens granted under the governing operating

agreements). At closing hereunder, the ½ Property Share shall be delivered to EPC by FEF VII-free and clear of all liens created by, through or under FEF VII-A (including being free of the Amegy Mortgage Lien).

(p) Title to Assets. Neither FEM nor its Affiliates has sold, transferred, or assigned any of the ½ Property Share or provided any other Person rights to ownership of the NPR Properties.

(q) NPR PSA. As of the date of this Agreement, the NPR PSA is in full force and effect and there exist no defaults or breaches of representations or warranties by FEF VII-A thereunder, nor any acts or events which, with the passage of time or the giving of notice or both, could become defaults thereunder, on the part of any party thereto.

(r) Bonds and Credit Support. There are no actions required by FEF VII-A under Section 5.3 of the NPR PSA. There are no outstanding Security Arrangements as defined in the NPR PSA.

FEF VII-A will be deemed to have “Knowledge” of a particular fact or other matter if any of the following individuals has actual knowledge of such fact or other matter: Joel Sauer, Rick Payne, and Caleb Bates.

Section 3.2 Representations and Warranties of FEM. FEM represents and warrants to EPC that as of the date of this Agreement and as of the closing hereunder:

(a) Organization and Good Standing. FEM is a limited liability company, duly organized, validly existing and in good standing under the Laws of Texas, has full legal power to carry on its business as now conducted, is authorized to operate the NPR Properties for which is has succeeded as operator from NPR, and is in good standing and duly qualified to conduct its business in North Dakota.

(b) Authorization. The execution, delivery and performance of this Agreement by FEM and the consummation by FEM of the transactions contemplated hereby have been duly and validly authorized pursuant to the governing documents of FEM.

(c) Enforceability.

(i) Assuming the execution and delivery by the other Parties to this Agreement, this Agreement and the closing performances of FEM under this Agreement are the valid and binding obligations of FEM, enforceable against FEM in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability and to general equitable principles.

(ii) Except for (A) (intentionally removed); (B) required consents to transfer (including those set forth on Schedule 4.1(k) of NPR PSA); or (C) any other third-party approvals or consents necessary with respect to the transactions contemplated herein, including Customary Post-Closing Consents, neither the execution and delivery by FEM of this Agreement and the performances to be delivered by FEM under this Agreement, nor the consummation by FEM of the transactions contemplated by this Agreement, will violate or be in conflict with: (1) the articles

of incorporation, bylaws or governing documents of FEM; (2) any material provision of any agreement or instrument to which FEM is a party or by which it, or the NPR Properties, is bound; or (3) any material provision of any Law applicable to FEM or any NPR Property, except, in the case of (2) and (3), where such violation or conflict would not have a Material Adverse Effect.

(d) Brokers' Fees. FEM has not made any agreement with respect to any broker's or finder's fees arising out of or in any way related to the transactions contemplated by this Agreement for which EPC will have any liability.

(e) Litigation. (i) There is no action, suit or other legal proceeding pending against FEM with respect to the NPR Properties before any Governmental Authority or arbitrator, and (ii) FEM has not received written notice of any material action, suit or other legal proceeding that has been threatened or is pending against FEM with respect to the NPR Properties before any Governmental Authority or arbitrator, and (iii) there exist no unsatisfied judgments that would result in material impairment or loss of FEM's interest in any part of the NPR Properties.

(f) Taxes. (i) All material Tax Returns relating to the NPR Properties that are required to have been filed by FEM since Closing under the NPR PSA have been timely filed, (ii) all material Taxes shown as due on such Tax Returns have been paid or provided for, except those being contested in good faith, and (iii) there are no Tax liens (other than Permitted Encumbrances) on any of the NPR Properties.

(g) Governmental Authorization. FEM as operator of the FEM operated NPR Properties, and, to the extent of FEM's Knowledge, as to any third party operator of the third party operated NPR Properties, the operator has all licenses, authorizations, consents and approvals from all Governmental Authorities required for the ownership and operation of the NPR Properties, the absence of which would not have a Material Adverse Effect on the NPR Properties taken as a whole.

(h) No Bankruptcy. There are no bankruptcy proceedings pending, being contemplated by, or to FEM's Knowledge threatened against FEM.

(i) Compliance with Law. Schedule 4.1(i) of the NPR PSA sets forth the notices of violation, judgments and court orders of NPR. Excluding matters disclosed in Schedule 4.1(i) of the NPR PSA and matters disclosed the FEF VII-A's Report, FEM has not received a written notice of a material violation of any Law applicable to the NPR Properties or operations on the NPR Properties, which remains uncured or would have a Material Adverse Effect on the NPR Properties, taken as a whole.

(j) Leases. To the Knowledge of FEM, NPR was not in material breach of the Leases before the date of Closing (as defined in the NPR PSA). Neither FEF VII-A nor FEM are in material breach of the Leases since the Closing under the NPR PSA.

(k) Rights in Third Parties. Schedule 3.1(k) sets forth a list of required consents that have not been obtained prior to the closing hereunder. Except (i) as set out on Schedule 4.1(k) of the NPR PSA (save and except those set forth in Schedule 3.1(k) hereto), (ii) for any Customary Post Closing Consents, and (iii) under any Applicable Contracts that are terminable by FEF VII-

A or FEM, or their respective assignee on not more than sixty (60) days' notice, (i) to FEM's Knowledge there are no preferential rights to purchase that are applicable in connection with the transfer of the ½ Property Share to EPC and (ii) to FEM's Knowledge there are no required consents to assign that are applicable in connection with the transfer of the ½ Property Share to EPC.

(l) Imbalances. Schedule 3.1(l) sets forth Imbalances to the NPR Properties since the Effective Time under the NPR PSA. To FEM's Knowledge Schedule 4.1(l) of the NPR PSA and Schedule 3.1(l) set out all Imbalances associated with the NPR Properties as of the closing hereunder.

(m) Material Contracts. To FEM's Knowledge, there are no adjustments or changes to be made to Schedule 4.1(m) of the NPR PSA of Material Contracts and the representation of NPR under Section 4.2(m) of the NPR PSA.

(n) Foreign Person. FEM is not a "foreign person" within the meaning of Section 1445 of the Code.

(o) Liens. To the Knowledge of FEM, there are no liens and encumbrances to which the ½ Property Share was subject when delivered to FEF VII-A by NPR, save and except the Permitted Encumbrances (including the liens granted under the governing operating agreements). At closing hereunder, the ½ Property Share shall be delivered to EPC by FEF VII-free and clear of all liens created by, through or under FEF VII-A (including being free of the Amegy Mortgage Lien).

(p) Title to Assets. Neither FEF VII-A nor its Affiliates has sold, transferred, or assigned any of the ½ Property Share or provided any other Person rights to ownership of the NPR Properties.

FEM will be deemed to have "Knowledge" of a particular fact or other matter if any of the following individuals has actual knowledge of such fact or other matter: Joel Sauer, Rick Payne, and Caleb Bates.

Section 3.3 Representations and Warranties of EPC. EPC represents and warrants to FEF VII-A and FEM that as of the date of this Agreement and as of the closing hereunder:

(a) Organization and Good Standing. EPC is a corporation duly organized, validly existing and in good standing under the Laws of the State of Nevada, has full legal power to carry on its business as now conducted, is authorized to hold title to the ½ Property Share and is in good standing and duly qualified to conduct its business in North Dakota.

(b) Authorization. The execution, delivery and performance of this Agreement by EPC and the consummation by EPC of the transactions contemplated hereby have been duly and validly authorized pursuant to the governing documents of EPC.

(c) Enforceability. Assuming the execution and delivery by the other Parties to this Agreement and the performances of EPC under this Agreement, this Agreement and such EPC performances are the valid and binding obligation of EPC, enforceable against EPC in accordance

with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability and to general equitable principles. Neither the execution and delivery by EPC of this Agreement and such performance by EPC under this Agreement, nor the consummation by EPC of the transactions contemplated by this Agreement and such EPC performances, will violate, or be in conflict with (i) the articles of incorporation, bylaws or governing documents of EPC, (ii) any provision of any agreement or instrument to which EPC is a party or by which it (or any of its properties) is bound or (iii) any Law applicable to EPC (or any of its properties).

(d) Environmental Condition. EPC agrees and acknowledges that the NPR Properties have been used for oil and gas drilling and production operations, related oil field operations and possibly for the storage and disposal of deleterious substances, and that the NPR Properties may be contaminated with a variety of harmful substances. Physical changes in or under the NPR Properties or adjacent lands may have occurred as a result of such uses. The NPR Properties may contain wells, sumps, landfills, pits, ponds, tanks, impoundments, foundations, pipelines and other equipment whether or not of a similar nature, any of which may be buried and contain deleterious substances, and the locations of which may not be readily apparent by a physical inspection of the NPR Properties. In addition, EPC acknowledges that some oil field production equipment may contain hazardous materials, including asbestos and naturally occurring radioactive material (“*NORM*”). In this regard, EPC expressly understands that *NORM* in the form of scale or in other forms may have become dislodged from the inside of wells, materials and equipment and be located on the NPR Properties. EPC expressly understands that special procedures may be required for the removal and disposal of asbestos, *NORM* and other deleterious substances from the NPR Properties where they may be found. EPC represents that, prior to the Closing, it will, and as of the Closing, it has, satisfied itself as to the physical and environmental condition of the NPR Properties, both surface and subsurface, and their method of operation, and in making the decision to enter in this Agreement and consummate the transactions contemplated hereby, EPC has relied solely on the basis of its own independent investigation of the NPR Properties.

(e) Independent Valuation. EPC acknowledges and agrees that (i) it is knowledgeable of the oil and gas business and of the usual and customary practices of producers like Sellers, and (ii) it is sophisticated in the evaluation, purchase, ownership, development, investment in and operation of oil and gas properties. In making its decision to enter into this Agreement and to consummate the transactions contemplated herein, EPC, except to the extent of FEF VII-A’s express representations and warranties in Section 3.1, FEM’s express representations and warranties in Section 3.2, and the special warranty of title contained in the Assignment, has relied on its own independent investigation, review and analysis of the NPR Properties, which investigation, review and analysis was done by EPC and its own legal, tax, economic, environmental, geological and geophysical, engineering and other advisors. In entering into this Agreement, EPC acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any factual representations or opinions of Sellers, or any representatives, consultants or advisors engaged by or otherwise purporting to represent Sellers or any Affiliate of Sellers (except the specific representations and warranties of FEF VII-A set forth in Section 3.1, the specific representations and warranties of FEM in Section 3.2, and the special warranty of title included in the Assignment). EPC hereby acknowledges and agrees that, other than the representations and warranties of FEF VII-A set forth in Section 3.1, the specific representations and warranties of FEM in Section 3.2, and the special warranty of title set forth in

the Assignment, none of FEF VII-A, FEM or any of their Affiliates, or any of their representatives, consultants or advisors make or have made any representation or warranty, express or implied, at law or in equity, with respect to the NPR Properties, including as to the environmental or physical condition of and contractual arrangements and other matters affecting the NPR Properties. As of the date of this Agreement EPC has no knowledge of any breach of any representation, warranty or covenant of Sellers set forth herein.

(f) Security Laws. EPC is acquiring the NPR Properties for its own account and not with the intent to make a distribution within the meaning of the Securities Act of 1933 (and the rules and regulations pertaining thereto) or a distribution thereof in violation of any other applicable securities Laws.

(g) Funds. As of the date of this Agreement, EPC has sufficient cash and other sources of immediately available funds, as are necessary in order to pay the EPC Purchase Price (as may be adjusted in accordance with the provisions of this Agreement) to FEF VII-A at the closing hereunder, and to otherwise consummate the transactions contemplated hereby.

(h) Brokers' Fees. EPC has not made any agreement with respect to any broker's or finder's fees arising out of or in any way related to the transactions contemplated by this Agreement for which FEF VII-A or FEM will have any liability.

(i) Litigation. To EPC's Knowledge, no suit, action or other proceeding has been threatened or is pending against EPC before any Governmental Authority, and there exist no unsatisfied judgments, any of which might result in EPC's inability to consummate the transactions contemplated hereby.

(j) Governmental Authorizations. EPC has or will have all licenses, authorizations, consents and approvals from all Governmental Authorities required for the ownership of the ½ Property Share other than Customary Post-Closing Consents. EPC is now, and hereafter shall continue to be, qualified to own the ½ Property Share and the consummation of the transaction contemplated in this Agreement will not cause EPC to be disqualified as such an owner.

Section 3.4 Survival of Representations and Warranties. Other than the representations and warranties made by FEF VII-A in Sections 3.1(a), 3.1(b), 3.1(c)(i) and 3.1(c)(ii)(1) and by FEM in Sections 3.2(a), 3.2(b), 3.2(c)(i) and 3.2(c)(ii)(1), which shall survive the Closing indefinitely, the representations and warranties made by Sellers in Section 3.1 and Section 3.2 shall survive the closing hereunder for a period of nine (9) months (the "*Survival Period*") and thereafter shall be of no force or effect, and any claim for any breach thereof must be brought on or prior to the end of the Survival Period.

(b) All representations and warranties made by EPC in Section 3.3 shall survive the closing hereunder indefinitely.

(c) All other indemnities, covenants and agreements contained in this Agreement shall survive the closing hereunder until fully performed in accordance with the terms and conditions of this Agreement. Except for the special warranty of title made by Sellers in the Assignment, the Parties have made no representations or warranties other than those expressly set forth in this Agreement.

(d) Any claim for any breach of any representation, warranty, covenant, indemnity or agreement hereunder must be brought on or prior to the end of the applicable Survival Period (if any).

(e) All indemnities of the Parties contained in Section 9.2 and Section 9.3 shall terminate as of the termination date of each respective representation, warranty, covenant, or agreement that is subject to indemnification thereunder, except in each case as to matters for which a specific written claim for indemnity has been delivered to the indemnifying Person on or before such termination date.

(f) Notwithstanding anything herein to the contrary, EPC shall be entitled to receive the benefit of all indemnification obligations with respect to the ½ Property Share in its favor by reason of Sellers' contractual inclusion as indemnitees under the NPR PSA.

(g) With respect to any NPR Property which FEM is not the operator of, any of the foregoing representations or warranties with respect thereto shall be qualified, in all respects, as to or by Sellers' Knowledge for such representation or warranty.

(h) Except for the special warranty of title made by FEF VII-A and FEM in the Assignment, the Parties have made no representations or warranties of title other than those expressly set forth in Sections 3.1 and Section 3.2.

Section 3.5 Waiver of Representations and Warranties. **THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLERS CONTAINED IN THIS ARTICLE III AND THE SPECIAL WARRANTY OF TITLE CONTAINED IN THE ASSIGNMENT, ARE EXCLUSIVE AND ARE IN LIEU OF, AND SELLERS EXPRESSLY DISCLAIM AND NEGATE AND EPC HEREBY WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY, IMPLIED, OR OTHERWISE, INCLUDING WITH RESPECT TO: (A) THE QUALITY, ACCURACY, COMPLETENESS OR MATERIALITY OF THE DATA, INFORMATION AND MATERIALS FURNISHED (WHETHER ELECTRONICALLY, ORALLY, BY VIDEO, IN WRITING, IN ANY DATA ROOM OR BY ANY OTHER MEDIUM) AT ANY TIME TO EPC, ITS OFFICERS, AGENTS, EMPLOYEES AND AFFILIATES IN CONNECTION WITH EPC'S INVESTIGATION OF THE NPR PROPERTIES AND ASSUMED LIABILITIES AND THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING WITH RESPECT TO TITLE, COSTS, EXPENSES, REVENUES, ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE ASSOCIATED WITH THE NPR PROPERTIES, THE FINANCIAL VIABILITY OR PRODUCTIVITY OF THE NPR PROPERTIES, THE ENVIRONMENTAL OR PHYSICAL CONDITION OF THE NPR PROPERTIES AND FEDERAL, STATE, LOCAL OR TRIBAL INCOME OR OTHER TAX CONSEQUENCES ASSOCIATED WITH THE NPR PROPERTIES (ANY AND ALL SUCH DATA,**

INFORMATION AND MATERIALS FURNISHED BY SELLERS OR OTHERWISE MADE AVAILABLE TO EPC ARE PROVIDED AS A CONVENIENCE AND SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST SELLERS, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT EPC'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW); (B) TITLE TO ANY OF THE NPR PROPERTIES; (C) THE QUALITY, QUANTITY OR VOLUME OF THE RESERVES, IF ANY, OF THE HYDROCARBONS IN OR UNDER THE NPR PROPERTIES, BOTH SURFACE AND SUBSURFACE; (D) COMPLIANCE WITH APPLICABLE CONTRACTS AND APPLICABLE LAWS (INCLUDING ENVIRONMENTAL LAWS); (E) THE ENVIRONMENTAL CONDITION OF THE NPR PROPERTIES; (F) ABSENCE OF DEFECTS (LATENT OR PATENT), SAFETY AND STATE OF REPAIR; (G) ANY RIGHTS OF EPC AND/OR ITS AFFILIATES UNDER APPLICABLE LAWS TO CLAIM DIMINUTION OF CONSIDERATION OR RETURN OF THE PURCHASE PRICE; (H) ANY WARRANTY OF FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT; AND (I) PRODUCTION RATES, RECOMPLETION OPPORTUNITIES, DECLINE RATES AND GAS BALANCING INFORMATION. SELLERS DO NOT MAKE OR PROVIDE, AND EPC HEREBY WAIVES, ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS. EXCEPT FOR THE EXPRESS REPRESENTATIONS SET FORTH IN ARTICLE III AND THE SPECIAL WARRANTY OF TITLE SET FORTH IN THE ASSIGNMENT, THE ½ PROPERTY SHARE IS SOLD, AND EPC ACCEPTS THE ½ PROPERTY SHARE "AS IS, WHERE IS AND WITH ALL FAULTS." EXCEPT FOR THE SPECIAL WARRANTY OF TITLE SET FORTH IN THE ASSIGNMENT, THERE ARE NO REPRESENTATIONS OR WARRANTIES THAT EXTEND BEYOND THE FACE OF THIS AGREEMENT AS PROVIDED IN (AND SUBJECT TO THE TERMS AND CONDITIONS OF) ARTICLE IX.

Section 3.6 Waiver Of Consumer Protection Statutes. TO THE EXTENT THAT SUCH STATUTE APPLIES, SELLERS AND EPC CERTIFY THAT THEY ARE NOT "CONSUMERS" WITHIN THE MEANING OF THE TEXAS DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT, AND THE TEXAS BUSINESS AND COMMERCE CODE. EPC HEREBY WAIVES ITS RIGHTS UNDER ALL SUCH LAWS AND ANY OTHER LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF ITS OWN SELECTION, EPC VOLUNTARILY CONSENTS TO THIS WAIVER. TO EVIDENCE ITS ABILITY TO GRANT SUCH WAIVER, EPC REPRESENTS TO SELLERS THAT (I) IT IS NOT IN A SIGNIFICANTLY DISPARATE BARGAINING POSITION; (II) IT IS REPRESENTED BY LEGAL COUNSEL IN ENTERING INTO THIS AGREEMENT; AND (III) SUCH LEGAL COUNSEL WAS NOT DIRECTLY OR INDIRECTLY IDENTIFIED, SUGGESTED, OR SELECTED BY SELLERS OR AN AGENT OF SELLERS.

Section 3.7 Conspicuous. EPC acknowledges that the waivers in Sections 3.5 and 3.6 are conspicuous.

ARTICLE IV COVENANTS

Section 4.1 Intentionally Removed.

Section 4.2 Confidentiality Agreement. The Parties have entered a Confidentiality Agreement, effective October 27, 2021 (the “**Confidentiality Agreement**”). The Parties further acknowledge and agree that the Confidentiality Agreement shall remain in effect following the closing hereunder, and any termination of this Agreement.

Section 4.3 Reports. Sellers and EPC agree to cooperate with each other in connection with the preparation by such Parties of any report to any federal, state or local Governmental Authorities that are required of such Parties as the result of the execution and delivery of this Agreement, or the consummation of the transactions contemplated hereby.

Section 4.4 Efforts. Each Party will use commercially reasonable efforts to take, or to cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including (a) cooperation in determining whether any action by or in respect of, or filing with, any Governmental Authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated hereby; (b) cooperation in seeking and obtaining any such actions, consents, approvals, or waivers; and (c) the execution of any additional instruments necessary to consummate the transactions contemplated hereby. Promptly after closing hereunder, EPC shall: (i) record the Assignment and all state and federal assignments executed at the closing in all applicable real property records and/or, if applicable, the records of all state and federal governmental authorities and EPC shall provide to Sellers copies of such recorded documents; (ii) actively pursue the approval of all Customary Post-Closing Consents from the applicable Governmental Authorities; (iii) actively pursue all other consents and approvals that may be required in connection with the assignment of the ½ Property Share to EPC and the assumption of the rights, interests, obligations and liabilities assumed by EPC hereunder that have not been obtained prior to Closing, provided that Sellers shall reasonably cooperate with EPC in obtaining such other consents and approvals, at EPC’s sole cost and expense; and (iv) deliver all notices that may be required in connection with the assignment of the ½ Property Share to EPC and the assumption of the rights, interests, obligations and liabilities assumed by EPC hereunder.

Section 4.5 Intentionally removed.

Section 4.6 Investigation. EPC acknowledges that it has had the opportunity to conduct due diligence and investigation with respect to the NPR Properties, and in no event shall Sellers have any liability to EPC with respect to a breach of representation, warranty or covenant under this Agreement to the extent that EPC knew of such breach as of the closing under this Agreement.

Section 4.7 Intentionally removed.

Section 4.8 Pass Through Rights.

(a) Without limiting any of the direct warranties, representations, agreements or indemnities hereunder, FEF VII-A hereby assigns to EPC the benefit, under FEF VII-A, of any and all warranties, representations, agreements and indemnities provided by NPR to FEF VII-A under the NPR PSA. Upon written request by EPC Sellers shall take all reasonable action requested by EPC to enforce such warranties, representations, agreements and indemnities.

(b) If FEF VII-A joins EPC in any enforcement for its own benefit, as owner of the undivided fifty percent (50%) interest of the NPR Properties retained by FEF VII-A, then the costs of such enforcement, and all obligations and Liabilities sustained in such enforcement, shall be borne by EPC and FEF VII-A equally, and EPC and FEF VII-A shall share equally in any recovery with respect to the NPR Properties that exceed any “basket” or analogous provisions of the NPR PSA.

(c) If FEF VII-A does not join in any enforcement requested by EPC, or EPC does not join in any enforcement requested by FEF VII-A, then the requesting party shall bear all costs of such enforcement and shall bear all obligations and Liabilities sustained in such enforcement efforts, and the requesting party shall be entitled to all recovery from NPR to the extent attributable to its undivided fifty percent (50%) interest of the NPR Properties. If there is recovery from NPR with respect to all NPR Properties that exceed any “basket” or analogous provisions of the NPR PSA, then the requesting party shall be entitled to all such recovery to the extent of 120% of the reasonable and actual out of pocket costs incurred by the requesting party in the enforcement, and any such recovery exceeding 120% of the costs incurred by the requesting party in the enforcement shall then be shared equally between EPC and FEF VII-A. For the avoidance of doubt, the non-participating party shall not be responsible for any expenses incurred by the requesting party. Reimbursement for reasonable and actual out of pocket expenses incurred by the requesting party shall only be reimbursed by such recovery from an enforcement, if any.

(d) FEF VII-A’s enforcement actions requested by EPC are conditioned on EPC’s timely payment of the pro-rata costs of such enforcement to be borne by EPC, and such advances of such pro-rata costs reasonably requested by FEF VII-A.

(e) EPC shall DEFEND, INDEMNIFY and HOLD HARMLESS FEF VII-A (and each of the other Foundation Indemnified Parties) from and against and to the extent of the obligations and Liabilities to be borne by EPC under Sections 4.8(b) and (c) above. FEF VII-A shall DEFEND, INDEMNIFY and HOLD HARMLESS EPC (and each of the other EPC Indemnified Parties) from and against and to the extent of the obligations and Liabilities to be borne by FEF VII-A under Sections 4.8(b) and (c) above. **THE FOREGOING INDEMNITY COVENANTS SHALL APPLY EVEN IF THE OBLIGATIONS AND LIABILITIES INDEMNIFIED AGAINST ARISE OUT OF OR RESULT FROM, SOLELY OR IN PART, THE SOLE, ACTIVE, PASSIVE, CONCURRENT OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OR VIOLATION OF LAW OF OR BY THE INDEMNIFIED PARTY, OR ITS REPRESENTATIVES, EXCEPTING ONLY LIABILITIES ACTUALLY RESULTING ON THE ACCOUNT OF THE WILLFUL MISCONDUCT OF THE INDEMNIFIED PARTY OR ITS REPRESENTATIVES.**

(f) For purposes of example only, if the net recovery from NPR was \$5,000,000, with EPC and FEF VII-A having joined in the enforcement, one-half (50%) or \$2,500,000 shall be paid

to FEF VII-A and one-half (50%) or \$2,500,000 shall be paid to EPC. Each Party agrees to provide a copy to the other Party hereunder of any and all notices of claims it may make under the NPR PSA. If the net recovery from NPR was \$5,000,000, with only one Party having pursued such enforcement, and such Party's reasonable and actual out of pocket expenses totaled \$1,000,000, then that Party would receive \$1,200,000 for reimbursement in pursuing the claim and the remaining \$3,800,000 shall be split between the Parties – one half (50%) or \$1,900,000 shall be paid to EPC and one-half (50%) or \$1,900,000 shall be paid to FEF VII-A.

ARTICLE V TITLE MATTERS AND PROPERTIES

Section 5.1 Access.

(a) Intentionally removed.

(b) The term “**Records**” herein shall mean copies of all the files, records, maps and information in Sellers’ possession that are related to any of the NPR Properties, including all land, title and contract files and operations, accounting, environmental, production and production tax records, with respect to such properties and assets, but excluding any of the foregoing that Seller is contractually restricted from transferring. The term “Records” includes all Records (as such term is defined in the NPR PSA) acquired by FEF VII-A under the NPR PSA.

(c) From and after the closing hereunder, Sellers shall afford to EPC, its Affiliates and each of their officers, employees, agents, accountants, attorneys, investment bankers, consultants and other authorized representatives (collectively, “**EPC’s Representatives**”) reasonable access, during normal business hours, to the NPR Properties and all Records in Sellers’ or any of its Affiliates’ possession.

(d) Intentionally removed.

(e) Intentionally removed.

(f) Intentionally removed.

(g) Intentionally removed.

Section 5.2 EPC Confidentiality. EPC acknowledges that, pursuant to its right of access to the Records and the NPR Properties, EPC will become privy to confidential and other information of Sellers and that such confidential and other information shall be held confidential by EPC and EPC’s Representatives in accordance with the terms of the Confidentiality Agreement.

Section 5.3 Disclosures under the NPR PSA and the FEF VII-A’s Reports. EPC is entering this Agreement, subject to all matters disclosed in the NPR PSA and the FEF VII-A Reports. Upon closing hereunder, EPC shall acquire the ½ Property Share subject to all matters disclosed in the NPR PSA or in the FEF VII-A’s Reports without adjustment to the EPC Purchase Price.

Section 5.4 Intentionally removed.

Section 5.5 Intentionally removed.

Section 5.6 Intentionally removed.

Section 5.7 Intentionally removed.

Section 5.8 Intentionally removed.

Section 5.9 Applicable Consents.

(a) Prior to closing hereunder, Seller shall use commercially reasonable efforts to procure any required third party consents, excluding Customary Post-Closing Consents, necessary to transfer the ½ Property Share to EPC (such consents, the “**Applicable Consents**”) and, with respect to any Applicable Consents not obtained (or denied, in writing) on or prior to the closing hereunder, until the expiration of 120 days after the closing hereunder (“**Cure Period**”) (*provided, however, that Sellers shall not be obligated to pay any consideration or waive or release any right or privilege in order to obtain any such consent*). Subject to the immediately succeeding proviso, notwithstanding the existence of an outstanding Applicable Consent with respect to any NPR Property at closing hereunder, an undivided one-half interest of such NPR Property shall be included in the ½ Property Share conveyed by Seller to EPC pursuant to this Agreement at the closing hereunder, without any reduction to the EPC Purchase Price with respect thereto; *provided, however, that, if, as of the closing hereunder, Sellers have not obtained any Applicable Consent with respect to any Lease that contains language to the effect that the transfer of the Lease without such Applicable Consent would be void or cause the termination of such Lease (any such Applicable Consent, a “**Required Consent**”), then, such Lease (and any associated NPR Properties) shall not be included in the ½ Property Share conveyed by Sellers to EPC pursuant to this Agreement at the closing hereunder, and the EPC Purchase Price shall be adjusted downward by one-half of the Allocated Value of the NPR Property Rights to such Lease set forth in the NPR PSA. If following closing hereunder (but prior to the expiration of the Cure Period) any Required Consent applicable to a Lease that was excluded from the ½ Property Share conveyed by Seller to EPC at Closing pursuant to this Section 5.9(a) is obtained, then within ten (10) Business Days of obtaining such Required Consent, Sellers shall assign to EPC pursuant to an assignment in substantially the same form as the Assignment, an undivided one-half of the NPR Property rights to such Lease (and, if applicable, an undivided one-half any associated other NPR Properties) and the EPC Purchase Price shall be increased by an amount equal to one-half of the Allocated Value of such NPR Properties set forth in the NPR PSA.*

(b) If any Applicable Consent with respect to any Applicable Contract is not obtained prior to the closing hereunder, then, until the earlier of the expiration of the Cure Period and such time that such Applicable Consent is obtained (or denied in writing), to the extent permissible under Law and under the terms of such Applicable Contract, Sellers shall provide to EPC the benefits and burdens of such Applicable Contract to the extent attributable to the ½ Property Share of such Applicable Contract which would otherwise have been assigned to EPC at closing hereunder, and EPC shall promptly reimburse Sellers for, and shall DEFEND, INDEMNIFY and HOLD HARMLESS Sellers (and each of the other Foundation Indemnified Parties) from and against any and all obligations and Liabilities incurred by Sellers (or any of the other Foundation

Indemnified Parties) in connection therewith. **EVEN IF SUCH LIABILITIES ARISE OUT OF OR RESULT FROM, SOLELY OR IN PART, THE SOLE, ACTIVE, PASSIVE, CONCURRENT OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OR VIOLATION OF LAW OF OR BY A MEMBER OF THE FOUNDATION INDEMNIFIED PARTIES, EXCEPTING ONLY LIABILITIES ACTUALLY RESULTING ON THE ACCOUNT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A MEMBER OF THE FOUNDATION INDEMNIFIED PARTIES.** With respect to any Applicable Contract for which any Applicable Consent has not been obtained as of the expiration of the Cure Period or is denied in writing, Sellers shall endeavor to mutually agree with EPC with respect to alternative arrangements intended to provide EPC, to the greatest extent possible, with the benefit and burden of any such Applicable Contract to the extent attributable to the share of such contract which would have otherwise been assigned to EPC as part of the ½ Property Share. Notwithstanding anything to the contrary set forth herein, the rights and remedies of EPC set forth in this Section 5.9 shall be EPC's exclusive rights and remedies with respect to any Applicable Consent applicable to the NPR Properties.

(c) Notwithstanding any provisions of this Section 5.9 to the contrary or the inclusion in the Assignment of an undivided one-half interest of any NPR Properties subject to a Required Consent outstanding as of the Closing, neither this Agreement nor the Assignment shall be deemed to provide for the conveyance of any portion of such NPR Properties to EPC at the closing hereunder, *provided that* (i) the EPC Purchase Price shall be adjusted downward by one-half of the Allocated Value of such NPR Properties set forth in the NPR PSA (to the extent such downward adjustment did not occur at closing hereunder) if such Required Consent is not subsequently obtained, and (ii) if an undivided one-half interest of any such NPR Properties are conveyed to EPC pursuant to an Assignment and the EPC Purchase Price is adjusted downward by one-half of the Allocated Value of such NPR Properties set forth in the NPR PSA, EPC will convey the share of such NPR Properties back to Sellers.

(d) With respect to each Applicable Consent (other than a Required Consent) which is not obtained prior to closing hereunder, EPC shall have no claim against, and hereby releases and agrees to defend and indemnify the Foundation Indemnified Parties from any claim or loss arising out of the conveyance of an interest in the applicable asset without having obtained the Applicable Consent therefor.

**ARTICLE VI
INTENTIONALLY REMOVED.**

**ARTICLE VII
CLOSING**

Section 7.1 Closing Settlement Statement. Seller has prepared the Closing Settlement Statement as set forth in Schedule 2.3.

(a) All upward or downward adjustments to the EPC Purchase Price not determined as of the closing hereunder shall be taken into account in the Post-Closing Settlement Statement. Seller and EPC agree to take such further actions and to execute, acknowledge and deliver all such

further documents that are necessary or useful in carrying out the purposes of this Agreement or of any document delivered pursuant to this Agreement.

Section 7.2 Closing Obligations. At the closing under this Agreement, which is to occur on the date of this Agreement, EPC shall deliver (or cause to be delivered) to Sellers the following items (all documents, certificates and other items listed below that are required to be executed, will be duly executed and acknowledged, where required, by an authorized signatory of EPC or, if applicable, an Affiliate of EPC):

(i) by direct bank deposit or wire transfer in same day funds to FEF VII-A (or any QI designated by Sellers), in accordance with Sellers' written instructions (to be provided to EPC at least two (2) Business Days prior to the closing hereunder), an amount equal to the EPC Purchase Price, as adjusted by the Closing Settlement Statement;

(ii) an Assignment, Bill of Sale and Conveyance, and a Mineral Conveyance, in form and substance reasonably agreed upon by the Parties (the "**Assignment**"), covering the ½ Property Share, in sufficient counterparts for recordation in each of the counties in which the NPR Properties are located;

(iii) (intentionally removed);

(iv) such evidence (including evidence of satisfaction of all applicable bonding requirements) as Seller may reasonably require, that EPC is qualified with the applicable authorities to succeed Seller as the owner of the ½ Property Share;

(v) the certificate in the form of Exhibit B-1, and

(vi) the Development Plan, the form of which is attached as Exhibit D, to be executed by the Parties at Closing under Section 10.2.

(b) Sellers shall deliver (or cause to be delivered) to EPC the following items (all documents, certificates and other items listed below that are required to be executed, will be duly executed and acknowledged, where required, by an authorized signatory of the Seller or, if applicable, an Affiliate of the Seller):

(i) an Assignment covering the ½ Property Share executed by FEF VII-A, in sufficient counterparts for recordation in each of the counties in which the NPR Properties are located;

(ii) releases of the Amegy Mortgage Lien as to the ½ Property Share;

(iii) a certification of non-foreign status from FEF VII-A in form and substance substantially similar to that set forth on Exhibit C;

(iv) the certificate in the form of Exhibit B-2, and

(v) the Development Plan, the form of which is attached as Exhibit D, to be executed by the Parties at Closing under Section 10.2.

ARTICLE VIII POST-CLOSING RIGHTS AND OBLIGATIONS

Section 8.1 Files and Records. Following closing hereunder Sellers will make available to EPC digital copies of all Records currently held by Sellers in digital form. For a period of seven (7) years following closing hereunder EPC, at EPC's cost, can arrange to copy some or all the remaining Records (that is, the Records not currently held by Sellers in digital form) together with such additional files, data and records of Sellers as may be reasonably requested by EPC in order to pursue any claims, obligations and disputes relating to the NPR Properties. Sellers shall provide reasonable access of the remaining Records to EPC for the copying by EPC.

Section 8.2 Post-Closing Adjustments. On or before the third (3rd) Business Day following the later to occur of (i) the expiration of the Cure Period, or (ii) the Final Settlement Date is reached under the NPR PSA, Sellers shall prepare and deliver to EPC, in accordance with this Agreement and generally accepted accounting principles, a statement (the "**Post-Closing Settlement Statement**") setting forth each adjustment to the EPC Purchase Price that was not included in the Closing Settlement Statement (or which was included in the Closing Settlement Statement and requires revision) and showing the calculation of such adjustments, which adjustments shall be in accordance with the principles of this Agreement. Within twenty (20) days of receipt of the Post-Closing Settlement Statement, EPC shall deliver to Sellers a written report containing any changes that EPC proposes be made to the Post-Closing Settlement Statement. In the event that EPC does not provide such report within such twenty (20) day period, it shall be deemed that EPC has accepted Sellers' Post-Closing Settlement Statement. The Parties shall negotiate in good faith and undertake to agree with respect to the amounts due pursuant to such Post-Closing Settlement Statement no later than fifteen (15) days after EPC's submission of its written report hereunder to Sellers (the date upon which such agreement is reached or the date of the Accounting Expert's decision concerning any dispute shall be herein called the "**Post-Closing Settlement Date**"). EPC shall, within seven (7) days of the Post-Closing Settlement Date, pay to Sellers, or Sellers shall pay to EPC, as applicable, in immediately available funds the final settlement adjustment amount set forth therein. If EPC and Sellers are unable to agree with respect to the amounts due pursuant to the Post-Closing Settlement Statement within such fifteen (15) day period, then either Party may elect to have the remaining matters in dispute submitted to an independent accounting firm to which the Parties mutually agree, for review and final determination (the "**Accounting Expert**"). The Accounting Expert's determination shall be made within twenty (20) days after submission of the matters in dispute and shall be final and binding on all Parties, without right of appeal. In determining the proper amount of any adjustment to the EPC Purchase Price, the Accounting Expert shall not increase the EPC Purchase Price more than the increase proposed by Sellers nor decrease the EPC Purchase Price more than the decrease proposed by EPC, as applicable. The Accounting Expert shall act as an expert for the limited purpose of determining the specific disputed matters submitted by either Sellers or EPC and may not award damages or penalties to any Party with respect to any matter. Sellers and EPC shall each bear its own legal fees and other costs of presenting its case. The costs and expenses of the Accounting Expert shall be borne one-half by EPC and one-half by Sellers. Notwithstanding anything to the contrary set forth herein, there shall be no further EPC Purchase Price adjustments pursuant to Section 2.3 for any item not included in the Post-Closing Settlement Statement delivered by Sellers (or EPC's written report, if any, delivered with respect thereto) in accordance with the provisions of this Section 8.2.

Section 8.3 Further Assurances. From and after the closing hereunder, at the request of Sellers but without further consideration, EPC will execute and deliver or use commercially reasonable efforts to cause to be executed and delivered such other instruments of conveyance and take such other actions as Sellers reasonably may request to put Sellers more effectively in possession of any property or assets which was not intended by the Parties to be conveyed to EPC. From and after the Closing, at the request of EPC but without further consideration, Sellers shall execute and deliver or use commercially reasonable efforts to cause to be executed and delivered such other instruments of conveyance and take such other actions as EPC reasonably may request to put EPC more effectively in possession of the ½ Property Share. If any of the NPR Properties are incorrectly described in any Assignment, the description shall be corrected upon proof of the proper description.

Section 8.4 Recording Documents; Obtaining Customary Post-Closing Consents. EPC shall be responsible for recording and filing documents associated with the transfer of the ½ Property Share to it and for all costs and fees associated therewith, including filing the Assignments with appropriate federal, state and local governmental authorities as required by applicable Law. As soon as practicable after recording or filing, EPC shall furnish Sellers with all recording data and evidence of all required filings including filings with the appropriate state counties. EPC shall also be responsible for obtaining any Customary Post-Closing Consents applicable to the transaction contemplated hereunder and all costs and fees associated therewith.

ARTICLE IX INDEMNIFICATION

Section 9.1 Definitions.

(a) Sellers and their respective Affiliates, and all their and their respective equity holders, partners, members (excluding, in each case, such equity holders, partners or members that are equity holders, partners or members of Seller or any of its Affiliates solely by virtue of their holding publicly traded shares, units or partnership interests), directors, officers, managers, employees, agents and representatives (collectively, the “*Foundation Indemnified Parties*”).

(b) EPC and its Affiliates, and all its and their respective equity holders, partners, members (excluding, in each case, such equity holders, partners or members that are equity holders, partners or members of EPC or any of its Affiliates solely by virtue of their holding publicly traded shares, units or partnership interests), directors, officers, managers, employees, agents and representatives (collectively, the “*EPC Indemnified Parties*”).

(c) “*Liabilities*” shall mean any and all claims, causes of actions, payments, charges, judgments, assessments, liabilities, losses, damages, supplemental environmental projects, penalties, fines or costs and expenses, including any fees of attorneys, experts, consultants, accountants and other professional representatives and legal or other expenses incurred in connection therewith and including liabilities, costs, losses and damages for personal injury, illness or death, property damage, contracts claims, torts or otherwise.

Section 9.2 EPC’s Indemnity Obligation. Effective from and after the closing hereunder, subject to the survival limitations on the representations of the Parties set forth in

Section 3.4 and otherwise herein, EPC and its successors and assigns shall be responsible for, shall pay, and will DEFEND, INDEMNIFY and HOLD HARMLESS the Foundation Indemnified Parties from and against any and all Liabilities arising out of, resulting from, based on, associated with, or relating to any breach by EPC of EPC's representations, warranties or covenants set forth in this Agreement.

Section 9.3 Sellers' Indemnity Obligation.

(a) Effective from and after the closing hereunder, subject to the survival limitations on the representations of the Parties set forth in Section 3.4 and otherwise herein, each Seller and its successors and assigns, jointly and severally, shall be responsible for, shall pay, and will DEFEND, INDEMNIFY and HOLD HARMLESS the EPC Indemnified Parties from and against any and all Liabilities arising out of, resulting from, based on, associated with, or relating to any breach by such Seller of its representations, warranties or covenants set forth in this Agreement.

(b) Each Seller and its successors and assigns, jointly and severally, shall be responsible for, shall pay, and will DEFEND, INDEMNIFY and HOLD HARMLESS the EPC Indemnified Parties from and against any and all Liabilities arising out of, resulting from, based on, associated with, or relating to any breach by such Seller of its representations, warranties or covenants set forth in this NPR PSA.

Section 9.4 Cross Indemnity of the Assumed Liabilities under the NPR PSA. If closing occurs hereunder, EPC shall have assumed one-half of the Assumed Liabilities under the NPR PSA, and FEF VII-A shall have retained one-half of its liabilities of said Assumed Liabilities. EPC and its successors and assigns shall be responsible for, shall pay, and will DEFEND, INDEMNIFY and HOLD HARMLESS FEF VII-A and its successors and assigns from and against any and all of the Assumed Liabilities under the NPR PSA so that, and to the extent that, FEF VII-A, its successors and assigns, shall bear only one-half of any and all of the Assumed Liabilities under the NPR PSA. FEF VII-A and its successors and assigns shall be responsible for, shall pay, and will DEFEND, INDEMNIFY and HOLD HARMLESS EPC, its successors and assigns, from and against any and all of the Assumed Liabilities under the NPR PSA so that, and to the extent that, EPC, its successors and assigns, shall bear only one-half of any and all of the Assumed Liabilities under the NPR PSA.

Section 9.5 Waiver of Certain Damages. **Except with respect to any Third Party claims for which a Party is entitled to be indemnified under this Article IX or otherwise pursuant to this Agreement, each of the Parties expressly waives and releases, on its own behalf and on behalf of its Affiliates, indirect, special, consequential, punitive and exemplary damages and damages for lost profits of any kind with respect to any dispute arising out of, resulting from, based on, associated with, or relating to, this Agreement, the breach hereof or the transactions contemplated hereby.**

Section 9.6 Exclusive Remedy. **Except to the extent there are any indemnification rights granted to Sellers from NPR pursuant to the NPR PSA, the indemnity obligations set forth in this Agreement and the special warranty of title in the Assignment shall be the exclusive remedies for the Parties for the breach of any representation, warranty or covenant set forth in this Agreement or any claim arising out of, resulting from or related to the**

transactions contemplated hereby, and each Party hereby releases, waives and discharges the other Party and its affiliates and all of such persons' equityholders, partners, members, directors, officers, employees, agents, advisors, and representatives from any and all suits, legal or administrative proceedings, claims, demands, damages, losses, costs, Liabilities, interest or causes of action whatsoever, at law or in equity, known or unknown, which EPC or the EPC Indemnified Parties, or Sellers or the Foundation Indemnified Parties, as applicable, might now or subsequently have, based on, relating to or arising out of this Agreement, the transactions contemplated by this Agreement, the ownership, use or operation of any of the NPR Properties prior to closing hereunder or the condition, quality, status or nature of any of the NPR Properties prior to closing hereunder, including rights to contribution under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, and any similar Environmental Law, breaches of statutory or implied warranties, nuisance or other tort actions, rights to punitive damages, common law rights of contribution, rights under insurance maintained by Sellers or any of their respective affiliates, and any other claims under state or federal securities Laws, available at common law, in equity or by statute, including rescission.

Section 9.7 Extent of Indemnification. **The indemnification and assumption provisions provided for in this Agreement shall be applicable whether or not the Liabilities in question arose solely or in part from the gross, active, passive or concurrent negligence or other fault of any Foundation Indemnified Party or EPC Indemnified Party.**

Section 9.8 Knowledge. In the event EPC obtains knowledge of any matter that causes or would be likely to cause any representations or warranties of a Seller to be untrue or inaccurate in any respect, EPC shall promptly give notice of such matter to Sellers. If EPC fails to notify Seller of any such matter, then, following the closing hereunder, EPC shall not be entitled to claim that such Seller breached any representation or warranty as a result of such matter.

Section 9.9 Losses. In the event a Party is obligated to make payments to the EPC Indemnified Parties or Foundation Indemnified Parties, as the case may be, any such amounts shall be net of any (a) (i) insurance proceeds realized by and paid to any person in respect of or related to the event, cause or condition giving rise thereto or (ii) insurance proceeds that would reasonably be expected to be received or realizable by any Person through their reasonable efforts with respect to such event, cause or condition giving rise thereto, (b) tax benefits in respect of or related to the event, cause or condition giving rise thereto, and (c) (i) amounts actually recovered from third parties (or that would reasonably be expected to be recoverable over time) with respect to such event, cause or condition giving rise thereto, in any case, after giving effect to any expenditures to obtain such payments and any applicable deductible or retention and resulting retrospective premium adjustment, or (ii) amounts that would reasonably be expected to be recovered from third parties (or that would reasonably be expected to be recoverable over time) with respect to such event, cause or condition giving rise thereto through reasonable efforts.

Section 9.10 Claimants. Any claim for indemnity under this Article IX by any current or former affiliate, stockholder, member, officer, director, employee, agent, lender, advisor, representative, accountant, attorney, or consultant of any Party must be brought and administered by the applicable Party to this Agreement. No indemnified party other than Sellers and EPC shall

have any rights against either Sellers or EPC under the terms of this Article IX except as may be exercised on its behalf by EPC or Sellers, as applicable, pursuant to this Article IX. Sellers and EPC may elect to exercise or not exercise indemnification rights under this Article IX on behalf of the other Foundation Indemnified Parties and EPC Indemnified Parties, respectively, affiliated with it in its sole discretion and shall have no liability to any such other indemnified party for any action or inaction under this Section 9.10.

Section 9.11 Disclaimer of Application of Anti-Indemnity Statutes. The Parties acknowledge and agree that the provisions of any anti-indemnity statute relating to oilfield services and associated activities shall not be applicable to this Agreement and the transactions contemplated hereby.

ARTICLE X OPERATIONS; DEVELOPMENT PLAN

Section 10.1 FEM as Operator. FEM shall continue to be the Operator of the NPR Properties for which FEM is the current operator, and, as between the Sellers and EPC, FEM shall conduct such operations under the authority of existing joint operating agreements and the pooling orders governing said NPR Properties. EPC, its successors and assigns, agree to the continued operations by FEM of the NPR Properties, and agree to reasonably support the continued operations by FEM. In addition, EPC, its successors and assigns, agree to reasonably support any designation of operator hereafter made by FEF VII-A on any of said properties.

Section 10.2 Development Plan. As part of, and as a condition to closing hereunder, the Parties agree to enter a Development Plan, in the form of the document attached hereto as Exhibit D and made a part hereof.

ARTICLE XI INTENTIONALLY REMOVED

ARTICLE XII MISCELLANEOUS

Section 12.1 Notices. All notices and communications required or permitted under this Agreement shall be in writing and shall be sufficiently given, effective upon receipt, if (a) personally delivered, (b) mailed by registered or certified mail, postage prepaid, or overnight carrier, (c) sent by electronic mail (with confirmation of delivery) with a PDF of the notice or other communication attached (with the original sent by U.S. mail the same day such electronic mail is sent) or (d) communicated by facsimile (with confirmation of delivery), to the following address for each Party:

Sellers:

Foundation Energy Fund VII-A, L.P.
5057 Keller Springs Rd., Suite 650
Addison, Texas 75001

Attention:

Caleb Bates E-mail: cbates@foundationenergy.com

Joel P. Sauer E-mail: jsauer@foundationenergy.com

With a copy (which shall not constitute notice) to:

Kurt M. Daniel P.C.
3816 Villanova
Dallas, Texas 75225
Attention: Kurt M. Daniel
E-mail: kurt@kurtmdanielpc.com

EPC:

Evolution Petroleum Corporation
1155 Dairy Ashford St., Suite 425
Houston, Texas

Attention:
Jason Brown
jbrown@evolutionpetroleum.com

With a copy (which shall not constitute notice) to:
Greathouse Holloway McFadden Trachtenberg PLLC
4200 Montrose Blvd, Suite 300
Houston, Texas 77006
Attention: Barry E. McFadden

Any Party may, by written notice so delivered to the other Party in accordance with this Section 12.1, change the address or individual to which delivery of any communication or notice under this Agreement shall be made to such Party.

Section 12.2 Amendments and Severability. No provision of this Agreement may be amended, modified or waived, except by an instrument in writing executed, by EPC and Sellers in the case of amendment or modification, or, in the case of a waiver, by the Party to whom the obligation waived was owed. The invalidity of any one or more provisions of this Agreement shall not affect the validity of this Agreement as a whole, and in case of any such invalidity, this Agreement shall be construed as if the invalid provision had not been included herein.

Section 12.3 Assignment. This Agreement may not be assigned by either Party without the prior written consent of the other Party; provided, however, with prior notice to Sellers, EPC may assign its rights and obligations under this Agreement (including by merger, consolidation, by operation of law or otherwise), in whole or from time to time in part, to one or more of its affiliates, or any person acquiring all, or substantially all, of the assets of EPC; further provided, however, no such assignment shall relieve EPC of its liabilities and obligations under this Agreement. Notwithstanding any permitted assignment by a Party hereunder, such Party shall not be released from its obligations hereunder without the written consent of the other Party.

Section 12.4 Interpretation.

(a) Headings. The headings of the Articles and Sections of this Agreement are for guidance and convenience of reference only and shall not limit or otherwise affect the interpretation of any of the terms or provisions of this Agreement.

(b) Construction. Unless the context requires otherwise: (i) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine and neuter; (ii) references to Articles, Sections, Exhibits and Schedules refer to Articles, Sections, Exhibits and Schedules of this Agreement; (iii) references to money refer to legal currency of the United States of America; (iv) the word “including” shall mean “including, without limitation”; (v) all capitalized terms defined herein are equally applicable to both the singular and plural forms of such terms; (vi) the words “hereof,” “herein,” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement; (vii) references to Laws refer to such Laws as they may be amended from time to time, and references to particular provisions of a Law include any corresponding provisions of any succeeding Law; and (viii) all accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

(c) Exhibits and Schedules. The Schedules hereto are qualified in their entirety by reference to specific provisions of the Agreement, and are not intended to constitute, and shall not be construed as constituting, representations or warranties of Seller except to the extent expressly provided in the Agreement. Matters reflected in the Schedules are not necessarily limited to matters required by the Agreement to be reflected in the Schedules. To the extent any such additional matters are included, they are included for informational purposes and do not necessarily include other matters of a similar nature. Any matter disclosed on any Schedule shall be deemed disclosed on all Schedules. Inclusion of a matter on a Schedule to this Agreement in relation to a representation or warranty which addresses matters having a Material Adverse Effect shall not be deemed an indication that such matter does or does not, or may or may not, have a Material Adverse Effect. Likewise, the inclusion of a matter on a Schedule to this Agreement in relation to a representation or warranty shall not be deemed an indication that such matter necessarily would or would not, or may or may not, breach such representation or warranty absent its inclusion on such Schedule. Neither the specification of any Dollar amount in the representations and warranties contained in the Agreement nor the inclusion of any specific item in any Schedule hereto is intended to imply that such amounts (or any higher or lower amounts), or the items so included in such Schedule (or any other items), in each case, are or are not material or within or outside the ordinary course of business.

(d) Not to be Construed Against Drafter. The Parties acknowledge that they have had an adequate opportunity to review each and every provision contained in this Agreement and to submit the same to legal counsel for review and comment, including the waivers and indemnities contained herein. Based on said review and consultation, the Parties agree with each and every term contained in this Agreement. Based on the foregoing, the Parties agree that the rule of construction that a contract be construed against the drafter, if any, shall not be applied in the interpretation and construction of this Agreement.

(e) Time for Performance. If any time period hereunder expires on, or the date for or deadline for performance of any obligations or delivery of any notice hereunder falls on, a day which is not a Business Day, unless otherwise provided for herein, then the date of expiration of

any such time period, or the date for or deadline for performance of any such obligation or delivery of any such notice hereunder, shall be extended to the next Business Day.

Section 12.5 Governing Law. This Agreement shall be governed by and construed under the Laws of the State of Texas, excluding any choice of law rules which may direct the application of the Laws of another jurisdiction, and with the exception of title and real property matters which shall be governed by the laws of the State of North Dakota (excluding any choice of law rules which may direct the application of the laws of another jurisdiction).

Section 12.6 Announcements.

(a) Each Party shall maintain all provisions of this Agreement in strictest confidence, and shall not cause or permit disclosure of this Agreement or any provisions contained herein to any other Person without the express written consent of the other Party, provided disclosures of any provisions of this Agreement otherwise prohibited may be made by either Party:

(i) to the extent necessary for such Party to enforce its rights hereunder against the other Party;

(ii) to the extent to which a Party or its Affiliate is required to disclose all or part of this Agreement by applicable Law or by other compulsory process (including deposition, subpoena, interrogatory, or request for production of documents);

(iii) to the extent required by the applicable regulations of a securities or commodities exchange;

(iv) to its own directors, officers, employees, agents, and representatives;

(v) to an Affiliate;

Before disclosing any provisions of this Agreement under subsection (ii) or (iii) above, the disclosing Party will, to the extent not prohibited by applicable Law, promptly provide the other Party with written notice of such requirement so that the other Party may have an opportunity to attempt to seek, at its sole expense, an appropriate protective order.

(b) Party Responsibility; Obligations Given Jointly and Severally. Each Party shall be deemed solely responsible and liable for the actions of its directors, officers, employees, agents, representatives and Affiliates for maintaining the confidentiality commitments of this Section 12.6. Notwithstanding anything to the contrary in this Agreement, all covenants, obligations, warranties and representations set out in this Agreement given by the Sellers (or any of them) are given severally and jointly by each Seller. Further, the Sellers are jointly and severally liable for all obligations of either Seller under this Agreement.

(c) Public Announcements. Sellers and EPC agree that, following the closing hereunder, the consent (as to both form and content), not to be unreasonably withheld, of the other Party shall be obtained prior to issuing any press release or making any public statement with respect to this Agreement, except to the extent that such press release or other public announcement

is required by applicable Law; provided that EPC shall be permitted to issue a press release or make a public announcement upon the execution of this Agreement to announce such execution of this Agreement and will provide Sellers with a copy of such press release or public announcement in advance of its release and provide Sellers with a reasonable opportunity to comment on the same. Notwithstanding anything herein to the contrary, no Party shall make any press release or announcement with respect to this Agreement prior to the closing hereunder, except in each case as may be required by applicable Laws or the applicable rules or regulations of any Governmental Authority or stock exchange.

Section 12.7 Entire Agreement. This Agreement and the Confidentiality Agreement constitute the entire understanding among the Parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and prior agreements and understandings relating to such subject matter, whether oral or written.

Section 12.8 Parties in Interest. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns. Except with respect to the indemnified parties expressly stated herein, nothing contained in this Agreement, express or implied, is intended to confer upon any other Person (other than the Parties, and their respective successors and permitted assigns) any benefits, rights or remedies under this Agreement, provided that only a Party and its successors and permitted assigns shall have the right to enforce the provisions of this Agreement on its own behalf or on behalf of any of its related indemnified parties (but shall not be obligated to do so).

Section 12.9 Like Kind Exchange. EPC shall have the right to request that Sellers assign all or any portion of the ½ Property Share to a QI designated by EPC in order for such QI to effect a Like-Kind Exchange for EPC with respect to the ½ Property Share and other assets. Such an assignment of the ½ Property Share shall not release either Party from any of its respective liabilities and obligations to each other or expand any such respective liabilities or obligations under this Agreement. Neither Party represents to the other that any particular Tax treatment will be given to either Party as a result of such Like-Kind Exchange. Sellers shall cooperate with EPC in connection with the assignment of such NPR Properties to effect such Like-Kind Exchange but shall not be obligated to pay any additional costs or incur any additional obligations as a result thereof.

Section 12.10 Waiver. Except as set forth in Section 12.2, the failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power or remedy upon a breach thereof shall not constitute a waiver of any provisions of this Agreement or limit such Party's right thereafter to enforce any provision or exercise any right.

Section 12.11 Conspicuousness of Provisions. **THE PARTIES ACKNOWLEDGE AND AGREE THAT THE PROVISIONS CONTAINED IN THIS AGREEMENT THAT ARE SET OUT IN "BOLD" AND/OR ALL CAPITAL LETTERS SATISFY THE REQUIREMENT OF THE "EXPRESS NEGLIGENCE RULE" AND ANY OTHER REQUIREMENT AT LAW OR IN EQUITY THAT PROVISIONS CONTAINED IN A CONTRACT BE CONSPICUOUSLY MARKED OR HIGHLIGHTED.**

Section 12.12 Counterparts. This Agreement may be executed by Sellers and EPC in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute one and the same instrument. Facsimile and electronic (i.e., pdf transmission) signature pages shall constitute original signature pages hereunder.

Section 12.13 Waiver of Jury Trial; Submission to Jurisdiction. **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT OR OTHER LEGAL PROCEEDING BASED ON, RELATED TO OR ARISING OUT OF (IN WHOLE OR IN ANY PART IN ANY WAY) THIS AGREEMENT, ANY TRANSACTION CONTEMPLATED HEREBY OR ANY BREACH HEREOF OR THEREOF.**

(b) WITH RESPECT TO ANY ACTION, SUIT OR OTHER LEGAL PROCEEDING BASED ON, RELATED TO, OR ARISING OUT OF (IN WHOLE OR IN ANY PART IN ANY WAY) THIS AGREEMENT (AN "ACTION"), EACH PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE CIVIL DISTRICT COURTS OF THE STATE OF TEXAS LOCATED IN DALLAS, TEXAS, AND HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE OR FEDERAL COURT. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION. THE PARTIES FURTHER AGREE, TO THE EXTENT PERMITTED BY LAW, THAT A FINAL AND UNAPPEALABLE JUDGMENT AGAINST ANY OF THEM IN ANY ACTION CONTEMPLATED ABOVE SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT, A CERTIFIED COPY OF WHICH SHALL BE CONCLUSIVE EVIDENCE OF THE FACT AND AMOUNT OF SUCH JUDGMENT.

Signature Pages Follow

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date at the beginning of this document.

SELLERS:

FOUNDATION ENERGY FUND VII-A, L.P.

By: Foundation Energy Management, LLC, its sole manager

By: /s/ Joel P. Sauer
Joel P. Sauer
Executive Vice President

**FOUNDATION ENERGY MANAGEMENT,
LLC**

By: /s/ Joel P. Sauer
Joel P. Sauer
Executive Vice President

BUYER:

EVOLUTION PETROLEUM CORPORATION

By:

/s/ Jason Brown_____

Jason Brown

President and Chief Executive Officer

Certain information has been excluded from this agreement (indicated by “[*]”) because such information (i) is not material and (ii) would be competitively harmful if publicly disclosed.**

PURCHASE AND SALE AGREEMENT

between

EXARO ENERGY III LLC

as Seller

and

EVOLUTION PETROLEUM CORPORATION

as Buyer

dated

February 8, 2022

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PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this “*Agreement*”) is executed as of this 8th day of February, 2022 (the “*Execution Date*”), and is by and between EXARO ENERGY III LLC, a Delaware limited liability company (“*Seller*”), and EVOLUTION PETROLEUM CORPORATION, a Nevada corporation (“*Buyer*”). Seller and Buyer may be referred to herein each as a “*Party*” and together as the “*Parties*.”

RECITALS

WHEREAS, subject to the terms and conditions of this Agreement, Seller desires to sell and assign, and Buyer desires to purchase and pay for, all of Seller’s right, title and interest in and to the Assets (as defined hereinafter) effective as of the Effective Time (as defined hereinafter);

NOW, THEREFORE, for and in consideration of the mutual promises, representations, warranties, covenants and agreements contained herein, the benefits to be derived by each Party hereunder, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

1.1 *Defined Terms.* Capitalized terms used herein shall have the meanings set forth in Annex I.

1.2 *References and Rules of Construction.* The rules of construction set forth in this Section 1.2 shall apply to the interpretation of this Agreement. All references in this Agreement to Annexes, Exhibits, Schedules, Articles, Sections, subsections and other subdivisions refer to the corresponding Annexes, Exhibits, Schedules, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections and other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words “this Agreement,” “herein,” “hereby,” “hereunder” and “hereof,” and words of similar import, refer to this Agreement as a whole and not to any particular Article, Section, subsection or other subdivision unless expressly so limited. The words “this Article,” “this Section,” and “this subsection,” and words of similar import, refer only to the Article, Section or subsection hereof in which such words occur. Wherever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limiting the foregoing in any respect.” Unless expressly provided to the contrary, if a word or phrase is defined, its other grammatical forms have a corresponding meaning. The words “shall” and “will” have equal force and effect. All references to “\$” or “dollars” shall be deemed references to United States Dollars. Each accounting term not defined herein will have the meaning given to it under GAAP as interpreted as of the Execution Date. Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. Reference herein to any federal, state, local or foreign Law shall be deemed to also refer to all rules and regulations

promulgated thereunder, unless the context requires otherwise, and reference herein to any agreement, instrument or Law means such agreement, instrument or Law as from time to time amended, modified or supplemented, including, in the case of agreements or instruments, by waiver or consent and, in the case of Laws, by succession of comparable successor Laws. If any period of days referred to in this Agreement shall end on a day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the first succeeding Business Day. References to a Person are also to its permitted successors and permitted assigns.

ARTICLE II PURCHASE AND SALE

2.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, Seller agrees to sell, and Buyer agrees to purchase and pay for, all of Seller's right, title and interest in and to the following assets (such assets, less and except the Excluded Assets, collectively, the "**Assets**"):

(a) the oil and gas leases set forth on Exhibit A, together with any and all other right, title and interest of Seller in and to the leasehold estates created thereby, including all Royalties, net profits interests and all other rights therein and the lands covered thereby or pooled therewith whether such lands be described on a description set forth on Exhibit A or described on Exhibit A by reference to another instrument and whether Seller's interest therein is correctly or incorrectly described on Exhibit A or such referenced instrument ("**Lands**"), subject to the terms, conditions, covenants and obligations set forth in such leases or interests or on Exhibit A, and all other interests of Seller of any kind or character in, to or arising under or derived from such leases (the "**Leases**");

(b) (i) all oil and gas wells (such wells, including the oil and gas wells set forth on Exhibit B-1, the "**Wells**"), and all Hydrocarbons in storage or existing in pipelines, plants and tanks (including inventory and line fill) and upstream of the sales meter as of the Effective Time and all other Hydrocarbons produced from or allocated to the Wells after the Effective Time and (ii) all water, injection and other wells (such wells, including the non-oil and gas wells set forth on Exhibit B-2, the "**Other Wells**"), in each case, located on (1) any of the Leases or Lands or on any other lease with which any such Lease has been pooled or unitized, whether producing, operating, plugged, permanently abandoned, shut-in or temporarily abandoned or (2) any of the Surface Rights;

(c) all rights and interests in, under or derived from all unitization and pooling agreements, communitization agreements or orders in effect with respect to any of the Leases, Wells or Other Wells and the units set forth on Exhibit C created thereby (the "**Units**");

(d) Except as set forth on Schedule 2.1(d), all Applicable Contracts and all rights thereunder;

(e) Except as set forth on Schedule 2.1(e), all surface leases, surface rights, permits, licenses, servitudes, easements, surface and road use agreements, surface leases, railroad crossing authorizations, ingress and egress agreements, water rights and rights-of-way to the extent

primarily used or held for use in connection with any of the Assets (collectively, the “**Surface Rights**”), including the Surface Rights set forth on Exhibit D;

(f) all structures, equipment, machinery, fixtures and other personal, moveable and mixed property, operational and nonoperational, known or unknown, located on any of the other Assets and that are primarily used or held for use in connection therewith (collectively, the “**Personal Property**”), including the SCADA Equipment;

(g) all Imbalances relating to the Assets;

(h) Intentionally removed;

(i) subject to Section 9.4, all of the files, records, information and data, whether written or electronically stored, to the extent relating to the Assets in Seller’s possession (but excluding any files, records, information or data to the extent pertaining solely to the Excluded Assets), including: (i) land and title records (including abstracts of title and title opinions); (ii) Applicable Contract files; (iii) operations records; (iv) environmental, production, engineering and accounting records; and (v) well records including well data, logs, and geophysical data and all related matters (collectively, “**Records**”).

2.2 Excluded Assets. Seller shall reserve and retain all of the Excluded Assets.

2.3 Excluded Liabilities. Notwithstanding anything contained in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform, or otherwise discharge any obligations or liabilities of Seller to the extent that they are Excluded Liabilities.

2.4 Revenues and Expenses. Subject to the provisions hereof, Seller shall remain entitled to all of the rights of ownership (including the right to all production, proceeds of production and all other income, proceeds, receipts and credits) and shall remain responsible (by payment or through the adjustments to the Purchase Price hereunder) for all Property Expenses, in each case, attributable to the Assets for the period of time prior to the Effective Time. Subject to the provisions hereof, and subject to the occurrence of Closing, Buyer shall be entitled to all of the rights of ownership (including the right to all production, proceeds of production and other proceeds), and shall be responsible (by payment, through the adjustments to the Purchase Price hereunder or otherwise) for all Property Expenses, in each case, attributable to the Assets for the period of time from and after the Effective Time. “**Property Expenses**” shall mean all ordinarily incurred operating expenses (including costs of insurance, bonds and other guarantees) and all capital expenditures incurred in the drilling, completion, ownership and operation of the Assets, and Third Party overhead costs charged or chargeable to the Assets under the relevant operating agreement or unit agreement, if any, but excluding any Income Taxes, Asset Taxes, and Transfer Taxes. For the avoidance of doubt, “Property Expenses” shall not include the general administrative or overhead expenses of Seller or its Affiliates. After the Closing, each Party shall be entitled to participate in all joint interest audits and other audits of Property Expenses for which such Party is entirely or in part responsible under the terms of this Section 2.4. Seller’s responsibility for Property Expenses shall expire and terminate at 5:00 p.m. Central time on the date that is [***] months after the Closing Date and, thereafter, Purchaser shall be

responsible for all Property Costs with respect to Seller's interests in the Assets whether incurred prior to or after the Effective Time.

ARTICLE III PURCHASE PRICE

3.1 Purchase Price; Deposit.

(a) The purchase price for the Assets shall be an amount equal to Twenty-Nine Million Four Hundred Thousand Dollars (\$29,400,000) (the "**Purchase Price**"), adjusted in accordance with this Agreement (the "**Adjusted Purchase Price**"). The Adjusted Purchase Price, less the Deposit, shall be paid by Buyer to Seller at the Closing by wire transfer in immediately available funds to the bank account(s) designated by Seller in the Preliminary Settlement Statement.

(b) Concurrently with the execution of this Agreement, Buyer has deposited by wire transfer in immediately available funds with Seller to an account designated by Seller in writing an amount equal to One Million Four Hundred Seventy Thousand Dollars (\$1,470,000) (such amount, the "**Deposit**"), which amount represents five percent (5%) of the Purchase Price. If Closing occurs, the Deposit (without interest) shall be applied towards the Adjusted Purchase Price at Closing in accordance with Section 9.3(d).

3.2 Adjustments to Purchase Price. The Purchase Price shall be adjusted as follows:

(a) The Purchase Price shall be adjusted upward by the following amounts (without duplication):

(i) an amount equal to, to the extent that such amount has been received by Buyer and not remitted or paid to Seller, all proceeds actually received by Buyer attributable to the ownership of the Assets, including the sale of Hydrocarbons produced from or attributable to the Assets during the period prior to the Effective Time, net of expenses (other than Property Expenses and other expenses taken into account pursuant to Section 3.2(b), Income Taxes, Asset Taxes, and Transfer Taxes) directly incurred in earning or receiving such proceeds;

(ii) an amount equal to, to the extent that such amount has not been remitted or paid to Seller, the value of all Hydrocarbons from or attributable to the Assets in storage or existing in pipelines, plants and tanks (including inventory and line fill) and upstream of the sales meter as of the Effective Time, the value to be based upon the contract price in effect as of the Effective Time (or the sales price, if there is no contract price, in effect as of the Effective Time);

(iii) an amount equal to all Property Expenses and all other costs and expenses (excluding, for the avoidance of doubt, any Income Taxes, Asset Taxes, and Transfer Taxes) paid by Seller that are attributable to the Assets during the period from and after the Effective Time, whether paid before or after the Effective Time, including (A) bond and insurance premiums paid by or on behalf of Seller with respect to the Interim Period, (B) Burdens, (C) rentals and other lease maintenance payments and (D) prepayments for work or services performed (or to be performed) after the Effective Time;

(iv) the Title Benefit Amounts of any Title Benefits for which the Title Benefit Amounts have been determined pursuant to Section 11.2(h) and/or Section 11.2(j);

(v) subject to Section 3.8, to the extent that Seller either (x) is underproduced for Hydrocarbons or (y) has overdelivered any Hydrocarbons, in each case, as of the Effective Time, as complete and final settlement of all Imbalances attributable to the Assets, the sum of (A) the product of the underproduced and/or overdelivered volumes of gaseous Hydrocarbons (excluding natural gas liquids) times the Imbalance Amount for gaseous Hydrocarbons, (B) the product of the underproduced and/or overdelivered volumes of liquid Hydrocarbons (excluding natural gas liquids) times the Imbalance Amount for liquid Hydrocarbons and (C) the product of the underproduced and/or overdelivered volumes of natural gas liquids times the Imbalance Amount for natural gas liquids;

(vi) the amount of all Asset Taxes allocated to Buyer in accordance with Section 15.2(b) but paid or otherwise economically borne by Seller; and

(vii) any other amount provided for elsewhere in this Agreement or otherwise agreed upon in writing by Seller and Buyer.

(b) The Purchase Price shall be adjusted downward by the following amounts (without duplication):

(i) an amount equal to, to the extent that such amount has been received by Seller and not remitted or paid to Buyer, all proceeds actually received by Seller attributable to the ownership of the Assets, including the sale of Hydrocarbons produced from or attributable to the Assets during the period following the Effective Time, net of expenses (other than Property Expenses and other expenses taken into account pursuant to Section 3.2(a), Income Taxes, Asset Taxes, and Transfer Taxes) directly incurred in earning or receiving such proceeds;

(ii) an amount equal to all Property Expenses paid by or on behalf of Buyer that are attributable to the Assets during the period prior to the Effective Time;

(iii) if Seller makes the election under Section 11.2(d)(i) with respect to a Title Defect, the Title Defect Amount with respect to such Title Defect if the Title Defect Amount has been determined as of or prior to the Closing;

(iv) an amount equal to the cost of the R&W Insurance Policy up to Two Hundred Fifty Thousand Dollars (\$250,000.00);

(v) the Allocated Value of the Assets excluded from the transactions contemplated hereby pursuant to Section 11.3(b)(i)(z), Section 11.4(a), Section 11.5(a) or Section 12.1(c)(i);

(vi) subject to Section 3.8, to the extent that Seller either (x) is overproduced for Hydrocarbons or (y) has underdelivered any Hydrocarbons, in each case, as of the Effective Time, as complete and final settlement of all Imbalances attributable to the Assets, the sum of (A) the product of the overproduced and/or underdelivered volumes of gaseous Hydrocarbons (excluding natural gas liquids) times the Imbalance Amount for gaseous

Hydrocarbons, (B) the product of the overproduced and/or underdelivered volumes of liquid Hydrocarbons (excluding natural gas liquids) times the Imbalance Amount for liquid Hydrocarbons and (C) the product of the overproduced and/or underdelivered volumes of natural gas liquids times the Imbalance Amount for natural gas liquids;

(vii) the amount of all Asset Taxes allocated to Seller in accordance with Section 15.2(b) but paid or otherwise economically borne by Buyer;

(viii) Intentionally removed; and

(ix) any other amount provided for elsewhere in this Agreement or otherwise agreed upon in writing by Seller and Buyer.

3.3 Preliminary Settlement Statement. Not less than five (5) Business Days prior to Closing, Seller shall prepare and submit to Buyer for review a draft settlement statement (the "**Preliminary Settlement Statement**") that shall set forth Seller's estimate of the Adjusted Purchase Price, reflecting each adjustment made in accordance with this Agreement as of the date of preparation of such Preliminary Settlement Statement and the calculation of the adjustments used to determine such amount, together with the designation of Seller's account for the wire transfers of funds as required by Section 3.1 and Section 9.3(d). Within three (3) Business Days after receipt of the Preliminary Settlement Statement, Buyer shall deliver to Seller a written report containing all changes that Buyer proposes to be made to the Preliminary Settlement Statement together with the explanation therefor and the supporting documents thereof. The Parties shall in good faith attempt to agree in writing on the Preliminary Settlement Statement as soon as possible after Seller's receipt of Buyer's written report. The Preliminary Settlement Statement, as agreed upon in writing by the Parties, will be used to adjust the Purchase Price at Closing; provided that if the Parties do not agree in writing upon any or all of the adjustments set forth in the Preliminary Settlement Statement, then the amount of such adjustment or adjustments used to adjust the Purchase Price at Closing shall be that amount which is agreed upon by the Parties set forth in the draft Preliminary Settlement Statement delivered by Seller to Buyer pursuant to this Section 3.3.

3.4 Final Settlement Statement.

(a) On or before one hundred twenty (120) days after Closing, a final settlement statement (the "**Final Settlement Statement**") will be prepared by Seller and delivered to Buyer, based on actual income and expenses (if known) during the Interim Period and which takes into account all final adjustments made to the Purchase Price and shows the resulting final Purchase Price (the "**Final Price**"). The Final Settlement Statement shall set forth the actual proration of the amounts required by this Agreement. As soon as practicable, and in any event within thirty (30) days after receipt of the Final Settlement Statement, Buyer shall return to Seller a written Dispute Notice containing any proposed changes to the Final Settlement Statement and an explanation of any such changes and the reasons therefor. Any changes not so specified in the Dispute Notice shall be deemed waived, and Seller's determinations with respect to all such elements of the Final Settlement Statement that are not addressed specifically in the Dispute Notice shall prevail. If Buyer fails to timely deliver a Dispute Notice to Seller containing changes Buyer proposes to be made to the Final Settlement Statement, without limiting Section 15.2(b), the Final Settlement Statement as delivered by Seller will be deemed to be correct and will be final and

binding on the Parties and not subject to further audit or arbitration. If the Final Price set forth in the Final Settlement Statement is mutually agreed upon in writing by Seller and Buyer, without limiting Section 15.2(b), the Final Settlement Statement and the Final Price, shall be final and binding on the Parties and not subject to further audit or arbitration. Any difference in the Adjusted Purchase Price as paid at Closing pursuant to the Preliminary Settlement Statement and the Final Price shall be paid by the owing Party within ten (10) Business Days of final determination of such owed amounts in accordance herewith to the owed Party. All amounts paid pursuant to this Section 3.4 shall be delivered in United States currency by wire transfer of immediately available funds to the account specified in writing by the relevant Party.

(b) If, after the delivery of the Final Settlement Statement pursuant to the provisions of Section 3.4(a), either Party receives monies (including proceeds of production) belonging to the other Party pursuant to Section 2.4 or otherwise, then such monies shall, within five (5) Business Days after the end of the month in which they were received, be paid over by the receiving Party to the owed Party. Additionally, if after delivery of the Final Settlement Statement, Seller pays monies relating to the Assets that are the obligation of Buyer, then Buyer shall, within five (5) Business Days after the end of the month in which the applicable invoice and proof of payment of such invoice are received by it, reimburse Seller therefor. Seller shall be permitted to offset any monies owed by it to Buyer pursuant to this Section 3.4 against amounts owed to it by Buyer pursuant to this Section 3.4.

3.5 Disputes. Seller and Buyer shall work together in good faith to resolve any matters addressed in any Dispute Notice delivered pursuant to Section 3.4 or Section 3.6 hereof. If Seller and Buyer are unable to resolve all of the matters addressed in the Dispute Notice within ten (10) Business Days after the delivery of such Dispute Notice to the other Party, either Party may, upon notice to the other Party, submit all unresolved matters addressed in the Dispute Notice to arbitration in accordance with this Section 3.5. Within ten (10) Business Days of a matter being submitted to arbitration by a Party in accordance with the preceding sentence, each of Buyer and Seller shall (a) summarize its position with regard to such dispute in a written document of 20 pages or less and (b) submit such summaries to the Houston, Texas office such Person as the Parties may mutually select (the “*Accounting Arbitrator*”), together with the Dispute Notice, the Final Settlement Statement and any other documentation such Party may desire to submit. If the Parties cannot agree on an Accounting Arbitrator within ten (10) Business Days after a Party’s election to submit such matters to arbitration under this Section 3.5, then either Party may request the Houston, Texas office of the American Arbitration Association (the “*AAA*”) (or, if there is no such office, the office of the AAA serving Houston, Texas) to select the Accounting Arbitrator. Within ten (10) Business Days after receiving the Parties’ respective submissions, the Accounting Arbitrator shall render a decision choosing Seller’s position or Buyer’s position with respect to each matter addressed in any Dispute Notice, based on the materials described above. Without limiting Section 15.2(b), any decision rendered by the Accounting Arbitrator pursuant hereto shall be final, conclusive and binding on Seller and Buyer and enforceable against any of the Parties in any court of competent jurisdiction. The costs of the Accounting Arbitrator shall be borne equally between the Parties.

3.6 Allocated Values. Buyer and Seller agree that the Purchase Price shall be allocated among the Wells as set forth on Exhibit B-1 (the “*Allocated Values*”). Buyer and Seller agree that such allocation is reasonable and except to the extent result from the breach of any representation

or warranty contained herein of the other Party, shall not take any position inconsistent therewith. Seller, however, makes no representation or warranty as to the accuracy of such values.

3.7 Purchase Price Allocation. Within sixty (60) days after the Closing Date, Buyer shall prepare and submit to Seller a proposed allocation of the Adjusted Purchase Price and any other items properly treated as consideration for U.S. federal income Tax purposes among the Assets in accordance with Section 1060 of the Code and the Treasury Regulations promulgated thereunder and, to the extent allowed under applicable federal income tax Law, in a manner consistent with the Allocated Values, within thirty (30) days after the date that the Final Settlement Statement is finally determined pursuant to Section 3.4 and Section 3.5 (the “*Allocation*”). As soon as practicable, and in any event within thirty (30) days after receipt of the proposed Allocation, Seller shall return to Buyer a Dispute Notice containing any proposed changes to the Allocation and an explanation of any such changes and the reasons therefor. Any changes not so specified in the Dispute Notice shall be deemed waived, and Buyer’s determinations with respect to all such elements of the Allocation that are not addressed specifically in the Dispute Notice shall prevail. If Seller fails to timely deliver a Dispute Notice to Buyer containing changes Seller proposes to be made to the Allocation, the Allocation as delivered by Buyer will be deemed to be correct and will be final and binding on the Parties and not subject to further audit or arbitration. If the Parties reach an agreement with respect to the Allocation, (i) Buyer and Seller shall use commercially reasonable efforts to update the Allocation in accordance with Section 1060 of the Code following any adjustment to the Purchase Price pursuant to this Agreement, and (ii) Buyer and Seller shall, and shall cause their Affiliates to, report consistently with the Allocation, as adjusted, on all Tax Returns, including Internal Revenue Service Form 8594 (Asset Acquisition Statement under Section 1060), which Buyer and Seller shall timely file with the IRS, and neither Seller nor Buyer shall take any position on any Tax Return that is inconsistent with the Allocation, as adjusted, unless otherwise required by applicable Law; *provided, however*, that no Party shall be unreasonably impeded in its ability and discretion to negotiate, compromise and/or settle any Tax audit, claim or similar proceedings in connection with such allocation.

3.8 Allocation for Imbalances at Closing. If, prior to Closing, either Party discovers an error in the Imbalances set forth in Schedule 4.11, then the Purchase Price shall be further adjusted at Closing pursuant to Section 3.2(a)(v) or Section 3.2(b)(vi), as applicable, and Schedule 4.11 will be deemed amended immediately prior to Closing to reflect the Imbalances for which the Purchase Price is so adjusted.

3.9 R&W Insurance Policy.

(a) Prior to the Closing Date, Seller shall cooperate with Buyer to obtain a buyer-side representations and warranties insurance policy issued by an insurer or insurers reasonably acceptable to Buyer on such terms and conditions that are reasonably acceptable to Seller and Buyer (the “*R&W Insurance Policy*”), which insurance policy shall contain industry standard terms and conditions that are customary in transactions of this type, and shall have a limit of not less than Five Million Dollars (\$5,000,000) in the aggregate. Prior to the Execution Date, Buyer has provided Seller with an executed copy of the Non-Binding Indication Letter for Buyer-Side R&W Insurance issued by Mergers & Acquisitions Insurance Group (AIG) dated January 27, 2022 for the R&W Insurance Policy.

(b) Seller shall be responsible for all premiums, fees, commissions, taxes, costs and expenses to obtain such R&W Insurance Policy up to the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00), which amount, without duplication, shall be reflected as a reduction in the Purchase Price at Closing as provided in Section 3.2(b)(iv). Subject to such adjustment, Buyer shall pay when due all premiums, fees, costs and taxes payable under the R&W Insurance Policy.

(c) Any R&W Insurance Policy costs in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00) will be borne by Buyer (except for any attorneys' fees, legal or other expenses incurred in connection therewith by Seller).

(d) In connection with the foregoing, Seller has and will continue to provide such reasonable cooperation to Buyer and the R&W Insurance Policy insurer as reasonably requested thereby, including providing customary documentation required by the insurer.

(e) The insurer under the R&W Insurance Policy shall expressly (i) name Seller as an additional insured and waive, and agree not to pursue, directly or indirectly, any subrogation rights against Seller (other than in the event of fraud by Seller) with respect to any claim made by any insured thereunder and (ii) agree that the Buyer Indemnified Parties shall have no obligation to pursue any claim against Seller covering Liabilities incurred by Buyer Indemnified Parties with respect to any breach of the representations and warranties set forth in this Agreement or the Assignment.

(f) The R&W Insurance Policy shall be issued contemporaneously with or promptly after the Closing (in accordance with the terms of the binder thereof provided to the Seller) and remain in full force and effect thereafter. The Parties agree to (a) comply in all material respects with and maintain the R&W Insurance Policy in full force and effect; and (b) satisfy on a timely basis all conditions necessary for the issuance of or continuance of coverage under the R&W Insurance Policy. No Party shall terminate, cancel, amend, waive or otherwise modify the R&W Insurance Policy or any of the coverage thereunder prior to, at or at any time after the Closing (and no party shall take any action or fail to take any action that could result in the foregoing).

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer the following:

4.1 *Organization, Existence and Qualification.* Seller is a limited liability company duly formed and validly existing under the Laws of the State of Delaware. Seller has all requisite limited liability company power and authority to own and operate its property (including the Assets) and to carry on its business as now conducted. Seller is duly licensed or qualified to do business as a foreign limited liability company in all jurisdictions in which it carries on business or owns assets and such qualification is required by Law, except where the failure to be so qualified would not have or would not be reasonably be expected to have a Material Adverse Effect.

4.2 *Authority, Approval and Enforceability.* Seller has full limited liability company power and authority to enter into and perform this Agreement, the Transaction Documents to

which it is a party and the transactions contemplated herein and therein. The execution, delivery and performance by Seller of this Agreement and the Transaction Documents to which it is a Party have been duly and validly authorized and approved by all necessary limited liability company action on the part of Seller. Assuming the due authorization, execution and delivery by the other parties to such documents, this Agreement is, and the Transaction Documents to which a Seller is a party when executed and delivered by Seller will be, the valid and binding obligations of Seller and enforceable against Seller in accordance with their respective terms, subject to the effects of bankruptcy, insolvency, reorganization, moratorium and similar Laws, as well as to principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

4.3 No Conflicts. Assuming the receipt of all Consents and the waiver of or compliance with all Preferential Purchase Rights, the execution, delivery and performance by Seller of this Agreement and the Transaction Documents to which it is a party and the consummation of the transactions contemplated herein and therein will not (a) conflict with or result in a breach of any provisions of the organizational documents of Seller, (b) except for Permitted Encumbrances, result in a default or the creation of any Encumbrance or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license or other Material Contract to which Seller is a party or by which Seller or any of the Assets are bound, or (c) violate any Law applicable to Seller or any of the Assets except in the case of clauses (b) and (c) where such default, Encumbrance, termination, cancellation, acceleration or violation would not have or would not be reasonably expected to have a Material Adverse Effect.

4.4 Consents. Except (a) as set forth on Schedule 4.4, and (b) for Customary Post-Closing Consents and under Contracts that are terminable upon not greater than forty-five (45) days' notice without payment of any fee, there are no restrictions on assignment, including requirements for consents from Third Parties to any assignment (in each case), that Seller is required to obtain in connection with the transfer of the Assets by Seller to Buyer or the consummation of the transactions contemplated by this Agreement by Seller (each, a "**Consent**").

4.5 Bankruptcy. There are no bankruptcy, reorganization or receivership proceedings pending, being contemplated by or, to Seller's Knowledge, threatened in writing against Seller.

4.6 Litigation. Except as set forth on Schedule 4.6, there are no Proceedings pending against Seller (with respect to the Assets) of which Seller has received service or written notice or, to Seller's Knowledge, threatened against Seller (with respect to the Assets).

4.7 Material Contracts.

(a) Schedule 4.7 sets forth, as of the Execution Date, all Applicable Contracts of the type described below (collectively, the "**Material Contracts**"):

(i) any Applicable Contract that can reasonably be expected to result in aggregate payments by Seller of more than \$50,000 during the remainder of the current or any subsequent calendar year (based solely on the terms thereof and current volumes, without regard to any expected increase in volumes or revenues);

(ii) any Applicable Contract that can reasonably be expected to result in aggregate revenues to Seller of more than \$50,000 during the remainder of the current or any subsequent calendar year (based solely on the terms thereof and current volumes, without regard to any expected increase in volumes or revenues);

(iii) any Hydrocarbon purchase and sale, transportation, gathering, treating, processing or similar Applicable Contract;

(iv) any indenture, mortgage, loan, credit or sale-leaseback or similar Applicable Contract that is secured with mortgages or liens on the Assets;

(v) any Applicable Contract that constitutes a lease under which Seller is the lessor or the lessee of Personal Property;

(vi) any farmout agreement, participation agreement, exploration agreement, development agreement, joint operating agreement, unit agreement or any similar Applicable Contract where, in each case, the primary obligation thereunder has not been fully performed;

(vii) any Applicable Contract between Seller and any Affiliate of Seller that is binding on the Assets and will not be terminated prior to or as of the Closing;

(viii) any Applicable Contract that provides for an area of mutual interest;
and

(ix) any Applicable Contract that contains a non-compete agreement or otherwise purports to restrict, limit or prohibit the manner in which, or the locations in which, Seller may conduct its business.

(b) Except as set forth on Schedule 4.7, there exists no material breach or default under any Material Contract by Seller or, to Seller's Knowledge, by any other Person that is a party to such Material Contract, and no event has occurred that with notice or lapse of time or both would constitute any material default under any such Material Contract by Seller or, to Seller's Knowledge, any other Person who is a party to such Material Contract. Seller has made available for Buyer's review true and complete copies of each Material Contract and any and all amendments thereto.

4.8 No Violation of Laws. Except as set forth on Schedule 4.8, Seller is not in violation of any Laws in any material respect with respect to its ownership of the Assets. This Section 4.8 does not include any matters with respect to Environmental Laws, such matters being addressed exclusively in Section 4.15 below.

4.9 Preferential Purchase Rights. Except as set forth on Schedule 4.9, there are no material preferential purchase rights, rights of first refusal or other similar rights that are applicable to the transfer of the Assets in connection with the transactions contemplated hereby (each a "**Preferential Purchase Right**").

4.10 Royalties. Seller has paid or there has been paid on its behalf, all Royalties and other Burdens with respect to the Assets due by Seller, or if not paid, is contesting such Burdens in good faith in the ordinary course.

4.11 Imbalances. Schedule 4.11 sets forth all material Imbalances associated with the Assets as of the Effective Time.

4.12 Current Commitments. Schedule 4.12 sets forth, as of the Execution Date, each authority for expenditures for an amount greater than \$50,000 (net to Seller's interest in the Assets) (collectively, the "AFEs") relating to the Assets to drill or rework wells or for other capital expenditures for which all of the activities anticipated in such AFEs or commitments have not been completed by the Execution Date.

4.13 Taxes. Except as set forth on Schedule 4.13, all material Asset Taxes that have become due and payable by Seller have been timely paid, and all material Tax Returns with respect to Asset Taxes required to be filed by Seller have been duly and timely filed. Notwithstanding any other provision in this Agreement, the representations and warranties in this Section 4.13 and the covenants set forth in Section 15.2 are the only representations and warranties in this Agreement with respect to Tax matters.

4.14 Brokers' Fees. Neither Seller nor its Affiliates have incurred any Liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Buyer or Buyer's Affiliates shall have any responsibility, and any such obligation or Liability that might exist shall be the sole obligation of Seller.

4.15 Environmental Laws. Except as set forth on Schedule 4.15:

(a) As of the Execution Date, the Assets are in compliance with applicable Environmental Laws, except where the failure to be in compliance does not have or would not be reasonably expected to have a Material Adverse Effect;

(b) As of the Execution Date, Seller has not received from any Governmental Authority any written notice of material violation of, alleged violation of, or non-compliance with, any Environmental Law with respect to the Assets other than notices with respect to matters that have been resolved to the satisfaction of any relevant Governmental Authority or for which Seller has no further material obligations outstanding.

(c) As of the Execution Date, none of the Assets are subject to any unfulfilled orders, consent decrees or judgments of any Governmental Authority relating to compliance with applicable Environmental Laws; and

(d) Seller has not received written notice from any Person of any release or disposal of any Hazardous Substances relating to the Assets that could (i) materially interfere with or prevent compliance by Seller or Buyer with any Environmental Laws or the term of any permit issued pursuant thereto, or (ii) give rise to or result in any material liability of Seller's or Buyer to any Person.

4.16 Payments for Production. Seller is not obligated by virtue of a take-or-pay payment, advance payment or other similar payment (other than gas balancing agreements) to deliver Hydrocarbons, or proceeds from the sale thereof, attributable to Seller's interest in the Assets at some future time without receiving full payment therefor at or after the time of delivery.

4.17 Payout Status. Schedule 4.17 sets forth the "payout" balance, as of the dates set forth on such Schedule, for each Well, subject to a reversion or other adjustment at some level of cost recovery or payout (or passage of time or other event other than termination of a Lease by its terms).

4.18 Liens. There are no contractual Encumbrances on the Assets granted by Seller or its Affiliates to secure indebtedness for borrowed money that will not be discharged at the Closing. The Assets will be delivered to Buyer at Closing free and clear of all Encumbrances except for Permitted Encumbrances.

4.19 Permits. Seller possesses all material permits, licenses, certificates, consents, approvals, and other authorizations required of Seller by any Governmental Authority (for purposes of this Section 4.19 collectively, "**Permits**"), and has made all filings with any Governmental Authority required to be made in the two (2) years preceding the Execution Date, in each case that are material to Seller's ownership and operation of the Assets.

4.20 Affiliate Interests. No Affiliate of Seller has any interest in the Assets or any right, title or interest to any assets or properties that would otherwise be included in the definition of "Assets" hereunder if such assets or interests were owned by Seller.

4.21 Equipment. The Personal Property included in the Assets, taken as a whole, has not been damaged as to render such tangible personal property inadequate for normal operation of the Assets consistent with standard industry practice in the areas in which they are operated and with operations as currently conducted, ordinary wear and tear excepted.

4.22 Non-Consent Operations. No operations are being conducted or have been conducted on the Assets with respect to which Seller has elected to be a non-consenting party under the applicable operating agreement and with respect to which all of Seller's rights have not yet reverted.

4.23 Title to Assets. Intentionally removed.

4.24 Conduct in Ordinary Course and Absence of Certain Changes. Except as listed in Schedule 4.24, since the Effective Time, Seller has conducted its business in the ordinary course of business consistent with past practice in all material respects, there has not been any event, development, or state of circumstances that would have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Seller or the Assets.

Any representation of a Seller in this Article 4 that relates to Assets in which Seller is a non-operator under a joint operating agreement or similar agreement is limited to the Knowledge of Seller.

**ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller the following:

5.1 Organization, Existence and Qualification. Buyer is a corporation duly formed, validly existing and in good standing under the Laws of the State of Nevada and has all requisite corporate power and authority to own and operate its property and to carry on its business as now conducted. Buyer is duly licensed or qualified to do business as a foreign corporation in all jurisdictions in which (a) the Assets are located and (b) it carries on business or owns assets and such qualification is required by Law except in the case of this clause (b) where the failure to be so qualified would not have a material adverse effect upon the ability of Buyer to consummate the transactions contemplated by this Agreement or perform its obligations hereunder.

5.2 Authority, Approval and Enforceability. Buyer has full corporate power and authority to enter into and perform this Agreement, the Transaction Documents to which it is a party and the transactions contemplated herein and therein. The execution, delivery and performance by Buyer of this Agreement and the Transaction Documents has been duly and validly authorized and approved by all necessary corporate action on the part of Buyer. Assuming the due authorization, execution and delivery by the other parties to such documents, this Agreement is, and the Transaction Documents to which Buyer is a party when executed and delivered by Buyer will be, the valid and binding obligations of Buyer and enforceable against Buyer in accordance with their respective terms, subject to the effects of bankruptcy, insolvency, reorganization, moratorium and similar Laws, as well as to principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at Law).

5.3 No Conflicts. The execution, delivery and performance by Buyer of this Agreement, the Transaction Documents and the consummation of the transactions contemplated herein and therein will not (a) conflict with or result in a breach of any provisions of the organizational documents of Buyer, (b) result in a default or the creation of any Encumbrance or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license or other agreement to which Buyer is a party or by which Buyer or any of its property may be bound or (c) violate any Law applicable to Buyer or any of its property, except in the case of clauses (b) and (c) where such default, Encumbrance, termination, cancellation, acceleration or violation would not have a material adverse effect upon the ability of Buyer to consummate the transactions contemplated by this Agreement and the Transaction Documents or perform its obligations hereunder and thereunder.

5.4 Consents. There are no consents or approvals (including from Third Parties) that Buyer is required to obtain in connection with the consummation of the transactions contemplated by this Agreement.

5.5 Bankruptcy. There are no bankruptcy, reorganization or receivership proceedings pending, being contemplated by or, to Buyer's Knowledge, threatened in writing against Buyer or any Affiliate of Buyer. Buyer is not (and will not be upon consummation of the transactions contemplated hereby) insolvent.

5.6 Litigation. There are no Proceedings pending, or to Buyer's Knowledge, threatened in writing against Buyer that would have a material adverse effect upon the ability of Buyer to consummate the transactions contemplated by this Agreement.

5.7 Financing. Buyer has sufficient cash, available lines of credit or other sources of immediately available funds to enable it to fund and pay the Purchase Price (as adjusted herein) and any other amounts to be paid by Buyer hereunder or under the Transaction Documents.

5.8 Regulatory. Buyer will upon Closing and thereafter shall continue to be qualified per applicable Law to own the Assets in all jurisdictions where the Assets are located, and the consummation of the transactions contemplated by this Agreement will not cause Buyer to be disqualified as such an owner. To the extent required by any Laws, Buyer will maintain all material lease bonds, area-wide bonds or any other surety bonds as may be required by, and in accordance with, all Laws governing the ownership of the Assets and will file any and all required reports necessary for such ownership with all Governmental Authorities having jurisdiction over such ownership. To Buyer's Knowledge, there is no material fact or condition with respect to Buyer or its obligations hereunder that may cause any Governmental Authority to withhold its unconditional approval of the transactions contemplated hereby to the extent approval by such Governmental Authority is required by Law.

5.9 Independent Evaluation. Buyer is (a) sophisticated in the evaluation, purchase, ownership and operation of oil and gas properties and related facilities, (b) capable of evaluating, and hereby acknowledges that it has so evaluated, the merits and risks of the Assets, Buyer's acquisition and ownership thereof, and its obligations hereunder, and (c) able to bear the economic risks associated with the Assets, Buyer's acquisition and ownership thereof, and its obligations hereunder. In making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, except for the representations and warranties of Seller expressly set forth in Article IV or Section 11.1(b) and in the Seller's Certificate, Buyer acknowledges that there are no other representations or warranties, express, statutory or implied, as to the Assets or prospects thereof.

5.10 Brokers' Fees. Neither Buyer nor its Affiliates have incurred any Liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which Seller or Seller's Affiliates shall have any responsibility.

5.11 Accredited Investor. Buyer is an "accredited investor," as such term is defined in Regulation D of the Securities Act of 1933, as amended, and will acquire the Assets for its own account and not with a view to a sale or distribution thereof in violation of the Securities Act of 1933, as amended, and the rules and regulations thereunder, any state blue sky Laws or any other securities Laws.

ARTICLE VI CERTAIN AGREEMENTS

6.1 Conduct of Business.

(a) Except (w) as set forth on Schedule 6.1, (x) for the operations covered by the AFEs and other capital commitments described on Schedule 4.12, (y) for actions taken

in connection with emergency situations or to maintain a lease or as required by Law or a Governmental Authority or any Material Contract and (z) as expressly contemplated by this Agreement or as expressly consented to in writing by Buyer (which consent shall not be unreasonably delayed, withheld or conditioned), Seller shall, from and after the Execution Date until Closing:

(i) use commercially reasonable efforts to own and maintain the Assets in an ordinary manner consistent with past practice;

(ii) not propose any operation reasonably expected to cost Seller in excess of \$50,000 (net to Seller's interest in the Assets);

(iii) notify Buyer before Seller agrees to participate in any operation proposed by a Third Party that is reasonably expected to cost Seller in excess of \$50,000 (net to Seller's interest in the Assets);

(iv) except in the ordinary course of business, not enter into an Applicable Contract that, if entered into on or prior to the Execution Date, would be required to be listed on Schedule 4.7, or amend, modify, or change the terms of, waive any rights under or terminate any Applicable Contract;

(v) not transfer, sell, mortgage, pledge or dispose of any portion of the Assets other than (A) the sale or disposal of Hydrocarbons in the ordinary course of business or (B) items constituting Permitted Encumbrances;

(vi) provide Buyer with copies of any and all material correspondence received from any Governmental Authority with respect to the Assets within five (5) days of the receipt thereof;

(vii) not voluntarily abandon any of the Assets other than as required pursuant to the terms of a Lease or applicable Law;

(viii) maintain its existing insurance policies relating to the Assets in such amounts and with such deductibles as are currently maintained by Seller;

(ix) not settle or compromise any Proceeding relating to the Assets, other than settlements or compromises (A) of matters for which Seller is liable for under the terms of this Agreement or (B) that involve only the payment of monetary damages not in excess of \$50,000 individually or \$100,000 in the aggregate (excluding amounts to be paid under insurance policies); and

(x) not commit to do any of the foregoing in clauses (ii), (iv), (v), (vii) or (ix)

(xi) use commercially reasonable efforts to obtain all Preferential Purchase Rights and other Consents required by Third Parties, Governmental Authority and others as may be required to consummate the transaction, as and to the extent set forth in Section 11.4(a) and Section 11.5(a) of this Agreement (including the preamble to such Sections);

(xii) except with respect to any Excluded Assets, maintain in effect all Permits as may be necessary for Seller or its Affiliates to own and operate the Assets; and

(xiii) shall consult with Buyer with respect to all material decisions to be made with respect to the operation of the Assets.

(xiv) give prompt written notice to Buyer of any material damage to or destruction of any of the Assets.

(b) Buyer acknowledges Seller owns undivided interests in certain of the properties comprising the Assets, and Buyer agrees that the acts or omissions of the other Working Interest owners or operators who are not Seller or an Affiliate of Seller shall not constitute a breach of the provisions of this Section 6.1, and no action required by a vote of Working Interest owners shall constitute such a breach so long as Seller has voted its interest in a manner that complies with the provisions of this Section 6.1.

6.2 Asset Credit Support. Schedule 6.2 sets forth all Asset Credit Support maintained by Seller with respect to the Assets. Buyer acknowledges that none of the Asset Credit Support, if any, posted by Seller or its Affiliates with Governmental Authorities or other Persons and relating to the Assets is transferable to Buyer. On or before the Closing Date, Buyer shall obtain, or cause to be obtained in the name of the Buyer, replacements for such Asset Credit Support set forth in Schedule 6.2 to the extent such replacements are necessary (a) for Buyer's ownership of the Assets and (b) to permit the cancellation of the Asset Credit Support posted by Seller and its Affiliates with respect to the Assets. In addition, at or prior to Closing, Buyer shall deliver to Seller evidence of the posting of such Asset Credit Support with all applicable Governmental Authorities or other Persons meeting the requirements of such authorities to own the Assets. In the event that any counterparty to any Asset Credit Support does not release Seller and its Affiliates, then, from and after Closing, Buyer shall indemnify Seller or its relevant Affiliate against all Losses incurred by Seller or its relevant Affiliate under such Asset Credit Support (and all actual costs incurred in connection with such Asset Credit Support) if applicable to Assets acquired by Buyer. Notwithstanding anything to the contrary contained in this Agreement, any cash placed in escrow by Seller or any Affiliate of Seller pursuant to any Asset Credit Support must be returned to Seller, and shall be deemed an Excluded Asset.

6.3 Record Retention. Buyer shall and shall cause its successors and assigns to, for at least a period of seven (7) years following Closing, (a) retain the Records, (b) provide Seller and its Affiliates and its and their officers, employees and representatives with access to the Records (to the extent that Seller has not retained the original or a copy) during normal business hours for review and copying at Seller's expense and (c) provide Seller and its Affiliates and its and their officers, employees and representatives with access, during normal business hours, to materials received or produced after Closing relating to any indemnity claim made under Section 13.2 or other claim or dispute under this Agreement for review and copying at Seller's expense. At the end of such seven year period and prior to destroying any of the Records, Buyer shall notify Seller in advance of any such destruction and provide Seller an opportunity to copy such Records at Seller's sole cost and expense.

6.4 Knowledge of Breach; Right to Cure. Intentionally removed.

6.5 Amendment of Schedules. Buyer agrees that, with respect to the representations and warranties of Seller contained in this Agreement and Seller's indemnity obligations set forth in Section 13.2, Seller shall have the continuing right until the fifth (5th) Business Day before Closing, to add, supplement or amend the Schedules to its representations and warranties (including the addition of Schedules that are responsive to the representations and warranties contained herein but for which a Schedule is not contemplated as of the Execution Date) with respect to any matters occurring subsequent to the Execution Date. Each amendment or supplement to any Schedules shall be clearly marked so as to indicate the amending or supplemental information contained therein, which shall be presented in appropriate detail to Buyer. In the event that Seller amends or supplements the Schedules pursuant to this Section 6.5 and such amendment or supplement constitutes or reflects, individually or in the aggregate, a Material Adverse Effect, then Buyer may, by notice to Seller given not less than one (1) Business Day prior to the scheduled Closing Date, terminate this Agreement and no Party shall have any further obligation hereunder except as specified herein. For all purposes of this Agreement, including for purposes of determining whether the conditions set forth in Article VII have been fulfilled or any pre-Closing remedies under this Agreement, the Schedules to Seller's representations and warranties contained in this Agreement shall be deemed to include only that information contained therein on the Execution Date and shall be deemed to exclude all information contained in any addition, supplement or amendment thereto; *provided, however*, that if Closing shall occur, then all matters disclosed pursuant to any such addition, supplement or amendment at or prior to Closing shall be waived, and Buyer shall not be entitled to make a claim with respect thereto pursuant to the terms of this Agreement or otherwise.

ARTICLE VII BUYER'S CONDITIONS TO CLOSING

The obligations of Buyer to consummate the transactions provided for herein are subject, at the option of Buyer, to the fulfillment by Seller or waiver in writing by Buyer, on or prior to Closing of each of the following conditions:

7.1 Representations and Warranties. The representations and warranties of Seller set forth in Article IV and Section 11.1(b) of this Agreement shall be true and correct in all material respects (without regard to materiality or Material Adverse Effect qualifiers) on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made or given on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date) except for all such breaches, if any, of such representations and warranties that individually or in the aggregate that do not or would not have a Material Adverse Effect.

7.2 Performance. Seller shall have materially performed or complied with all obligations, agreements and covenants contained in this Agreement as to which performance or compliance by Seller is required prior to or on the Closing Date.

7.3 No Injunctions. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order which is

in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions.

7.4 Title and Environmental Defects and Casualty Losses. The sum of (a) all Title Defect Amounts for all actual Title Defects that are properly asserted by Buyer prior to the Title Claim Date pursuant to Section 11.2(a), that individually exceed the Individual Title Defect Threshold (excluding any Title Defect Amounts with respect to any Assets excluded from the transactions contemplated by this Agreement in accordance with this Agreement), *plus* (b) all Remediation Amounts for all actual Environmental Defects that are properly asserted by Buyer prior to the Environmental Claim Date pursuant to Section 12.1(a), that individually exceed the Individual Environmental Defect Threshold (excluding any Remediation Amounts with respect to any Assets excluded from the transactions contemplated by this Agreement in accordance with this Agreement), *plus* (c) the Allocated Value of all Assets excluded from the transactions contemplated by this Agreement on account of Environmental Defects pursuant to Section 12.1(c)(i), *plus* (d) the losses to the Assets in respect of all Casualty Losses that occur between the Execution Date and the Closing as determined in accordance with Section 11.3, *plus* (e) the Allocated Value of all Assets excluded from the transactions contemplated hereby on account of Hard Consents and Preferential Purchase Rights pursuant to Section 11.4(a) and Section 11.5(a), as applicable, shall be in the aggregate less than [***] percent of the Purchase Price.

7.5 Closing Deliverables. Seller shall have delivered (or be ready, willing and able to deliver at Closing) to Buyer the documents and other items required to be delivered by Seller under Section 9.3.

ARTICLE VIII SELLER'S CONDITIONS TO CLOSING

The obligations of Seller to consummate the transactions provided for herein are subject, at the option of Seller, to the fulfillment by Buyer or waiver in writing by Seller on or prior to Closing of each of the following conditions:

8.1 Representations and Warranties. The representations and warranties of Buyer set forth in Article V shall be true and correct in all respects (without regard to materiality or material adverse effect qualifiers) on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made or given on and as of the Closing Date (other than representations and warranties that refer to a specified date, which need only be true and correct on and as of such specified date), except for all such breaches, if any, of such representations and warranties that do not have, individually or in the aggregate, a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

8.2 Performance. Buyer shall have materially performed or complied with all obligations, agreements and covenants contained in this Agreement as to which performance or compliance by Buyer is required prior to or at the Closing Date.

8.3 No Injunctions. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, injunction or other order which is

in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restraining or prohibiting consummation of such transactions.

8.4 Title and Environmental Defects and Casualty Losses. The sum of (a) all Title Defect Amounts for all actual Title Defects that are properly asserted by Buyer prior to the Title Claim Date pursuant to Section 11.2(a), that individually exceed the Individual Title Defect Threshold (excluding any Title Defect Amounts with respect to any Assets excluded from the transactions contemplated by this Agreement in accordance with this Agreement), *plus* (b) all Remediation Amounts for all actual Environmental Defects that are properly asserted by Buyer prior to the Environmental Claim Date pursuant to Section 12.1(a), that individually exceed the Individual Environmental Defect Threshold (excluding any Remediation Amounts with respect to any Assets excluded from the transactions contemplated by this Agreement in accordance with this Agreement), *plus* (c) the Allocated Value of all Assets excluded from the transactions contemplated by this Agreement on account of Environmental Defects pursuant to Section 12.1(c)(i), *plus* (d) the losses to the Assets in respect of all Casualty Losses that occur between the Execution Date and the Closing as determined in accordance with Section 11.3, *plus* (e) the Allocated Value of all Assets excluded from the transactions contemplated hereby on account of Hard Consents and Preferential Purchase Rights pursuant to Section 11.4(a) and Section 11.5(a), as applicable, shall be in the aggregate less than [***] percent of the Purchase Price.

8.5 Closing Deliverables. Buyer shall have delivered (or be ready, willing and able to deliver at Closing) to Seller the documents and other items required to be delivered by Buyer under Section 9.3.

8.6 R&W Insurance Policy. Buyer shall have delivered to Seller a true and correct copy of the R&W Insurance Policy (and all amendments thereto) and evidence that such R&W Insurance Policy is issued and effective or will be issued and effective upon Closing.

ARTICLE IX CLOSING

9.1 Date of Closing. Subject to the conditions stated in this Agreement, the sale by Seller and the purchase by Buyer of the Assets pursuant to this Agreement (the “**Closing**”) shall occur on April 1, 2022 (the “**Target Closing Date**”); provided that, if all conditions in Article VII and Article VIII to be satisfied at or prior to Closing have not yet been satisfied or waived in writing by Buyer or Seller (as applicable) by the Target Closing Date, then the Closing shall occur within five (5) Business Days after such conditions have been satisfied or waived (other than those conditions that by their nature can only be satisfied at the Closing but subject to all conditions in Article VII and Article VIII having been satisfied or waived at the Closing), subject to the rights of the Parties under Article XIV. The date on which the Closing actually occurs shall be the “**Closing Date**.”

9.2 Place of Closing. The Closing shall be held at the office of Seller, or such other place as mutually agreed upon by the Parties.

9.3 Closing Obligations. At Closing, the following documents shall be delivered and the following events shall occur, the execution of each document and the occurrence of each event being a condition precedent to the others and each being deemed to have occurred simultaneously with the others:

(a) Each of Seller and Buyer shall execute, acknowledge and deliver the Assignment in sufficient counterparts to facilitate recording in the applicable counties covering the Assets.

(b) Seller and Buyer shall execute and deliver assignments, in appropriate forms, of federal Leases, state Leases and Indian Leases included in the Assets (if any) in sufficient counterparts to facilitate filing with the applicable Governmental Authority.

(c) Each of Seller and Buyer shall execute and deliver the Preliminary Settlement Statement as contemplated by Section 3.3.

(d) Buyer shall deliver to Seller, to the account(s) designated in the Preliminary Settlement Statement, by direct bank or wire transfer in immediately available funds, an amount equal to (i) the Adjusted Purchase Price *less* (ii) the Deposit.

(e) Seller shall deliver, on forms supplied by Buyer and reasonably acceptable to Seller, transfer orders or letters in lieu thereof directing all purchasers of production to make payment to Buyer of proceeds attributable to production from the Assets from and after the Effective Time, for delivery by Buyer to the purchasers of production.

(f) Seller (or, if Seller is treated as an entity disregarded as separate from its regarded tax owner for U.S. federal income Tax purposes, the Person that is treated as its regarded tax owner for such purposes) shall deliver an executed certificate of non-foreign status that meets the requirements set forth in Treasury Regulation § 1.1445-2(b)(2).

(g) An authorized officer of Seller shall execute and deliver a certificate, dated as of the Closing Date, certifying that the conditions set forth in Section 7.1 and Section 7.2 have been fulfilled and, if applicable, any exceptions to such conditions that have been waived by Buyer (the "**Seller's Certificate**").

(h) An authorized officer of Buyer shall execute and deliver a certificate, dated as of the Closing Date, certifying that the conditions set forth in Section 8.1 and Section 8.2 have been fulfilled and, if applicable, any exceptions to such conditions that have been waived by Seller (the "**Buyer's Certificate**").

(i) Buyer shall deliver any instruments, documents or guarantees required by Section 6.2.

(j) Seller shall deliver to Buyer releases in form reasonably satisfactory to Buyer of all Encumbrances on the Assets securing Seller's obligations for borrowed money under Seller's credit facility, if applicable.

(k) Each of Seller and Buyer shall execute and deliver any other agreements, instruments and documents which are required by other terms of this Agreement to be executed or delivered at Closing.

9.4 Records. In addition to the obligations set forth under Section 9.3, but notwithstanding anything herein to the contrary, no later than twenty (20) Business Days after the Closing Date, Seller shall make available to Buyer the Records in its possession in their current form and format as maintained by Seller as of the Effective Time, for pickup from Seller's offices during normal business hours; *provided* that Seller may retain (x) written or electronic copies of the Records and (y) originals of Records relating to Asset Taxes and provide Buyer with copies thereof. Copying and transportation of the Records will be at Buyer's sole cost.

9.5 Subsequent Closings. If:

(a) pursuant to Section 11.4(a), Seller withholds an Asset from Closing due to failure to obtain a Hard Consent, and such Hard Consent expires or is obtained prior to the expiration of the Cure Period; or

(b) pursuant to Section 11.5(c), Seller withholds an Asset from Closing due to a Preferential Purchase Right, and such Preferential Purchase Right is waived, or if the time period otherwise set forth for exercising such Preferential Purchase Right expires, in either case prior to the expiration of the Cure Period;

then on or before the date for delivery of the Final Settlement Statement, (x) Seller shall convey to Buyer all such affected Assets at a mutually agreed upon time and location (a "***Subsequent Closing***") in a manner consistent with Section 9.3, and (y) contemporaneously with such Subsequent Closing, Buyer shall pay to Seller the Allocated Value (or applicable portion) of such Asset (as adjusted pursuant to Section 3.2) by wire transfer of immediately available funds.

ARTICLE X ACCESS; DISCLAIMERS

10.1 Access.

(a) From and after the Execution Date and up to and including the Closing Date (or earlier termination of this Agreement) but subject to the other provisions of this Section 10.1 and obtaining any required consents of Third Parties, including Third Party operators of the Assets (with respect to which consents Seller shall use commercially reasonable efforts to request), Seller shall afford to Buyer and its officers, employees, agents, accountants, consultants, attorneys and other authorized representatives ("***Buyer's Representatives***") reasonable access, during normal business hours, to the Assets and all Records in Seller's possession and Seller shall provide Buyer and Buyer Representatives with access to an online data room containing executed copies of all the materials listed on the Schedules and Exhibits (such copies, the "***Due Diligence Items***"). The Due Diligence Items include, without limitation, executed copies of all Applicable Contracts, Permits held by Seller or by any Affiliate of Seller for the benefit of Seller. In addition, Seller agrees that, to the extent additional Due Diligence Items are discovered by, or otherwise become available to, Seller (or Seller becomes aware of any changes to the Due Diligence Items previously provided to Buyer) or Buyer requests any additional Due Diligence Items, Seller shall promptly

deliver or otherwise make such Due Diligence Items available to Buyer or its Buyer's Representatives.

(a) All investigations and due diligence conducted by Buyer or any Buyer's Representative shall be conducted at Buyer's sole cost, risk and expense and any conclusions made from any examination done by Buyer or any Buyer's Representative shall result from Buyer's own independent review and judgment.

(b) From and after the Execution Date and up to and including the Environmental Claim Date, and subject to obtaining any required consents of Third Parties, including Third Party operators of the Assets (with respect to which consents Seller shall use commercially reasonable efforts to request), Buyer shall be entitled to conduct a Phase I environmental property assessment with respect to the Assets, to be conducted by a reputable environmental consulting or engineering firm approved in advance in writing by Seller; provided further that no environmental sampling or invasive activity or testing or operation of equipment by Buyer or Buyer's Representatives may be performed without the prior written consent of Seller, which consent may be withheld in Seller's sole but reasonable discretion, and Seller shall have the right to be present during any stage of the assessment. Buyer shall give Seller reasonable prior written notice before gaining physical access to or otherwise inspecting or surveying any of the Assets, whether to conduct a Phase I environmental property assessment or otherwise, and shall coordinate any such access, inspections or surveys with Seller. Seller or its designee shall have the right to accompany Buyer and Buyer's Representatives whenever they are on site on the Assets or otherwise inspecting or surveying the Assets. Notwithstanding anything herein to the contrary, Buyer and Buyer's Representative shall not have access to, and shall not be permitted to conduct any environmental investigations (including any Phase I environmental property assessment) with respect to, any Assets with respect to which Seller does not have the authority to grant access for such investigations; provided that Seller shall use its commercially reasonable efforts to obtain permission from any Third Party operators for Buyer to have such access; *provided, however*, that Seller shall not be required to incur any Liability, expend any money, or provide any other consideration to any Third Party operators in order for Buyer to have such access.

(c) Buyer shall (and shall cause Buyer's Representative to) coordinate their environmental property assessments and inspections of the Assets with Seller and all Third Party operators to attempt to minimize any inconvenience to or interruption of the conduct of business by Seller or such Third Party operators. Buyer shall (and shall cause Buyer's Representative to) abide by Seller's, and any Third Party operator's, safety rules, regulations and operating policies (including with respect to the COVID-19 virus) while conducting their due diligence evaluation of the Assets, including any environmental or other inspection, survey or assessment of the Assets and, to the extent required by any Third Party operator, execute and deliver any required confidentiality, indemnity and release agreement of any such Third Party operator, in each case, before conducting Buyer's assessment on such Asset in accordance with this Section 10.1. **BUYER HEREBY DEFENDS, INDEMNIFIES AND HOLDS HARMLESS EACH OF THE OPERATORS OF THE ASSETS AND THE SELLER INDEMNIFIED PARTIES FROM AND AGAINST ANY AND ALL LIABILITIES ARISING OUT OF, RESULTING FROM OR RELATING TO ANY COSTS, EXPENSES, DAMAGES OR FIELD VISIT, ENVIRONMENTAL PROPERTY ASSESSMENT OR OTHER DUE DILIGENCE ACTIVITY CONDUCTED BY BUYER OR ANY BUYER'S REPRESENTATIVE WITH**

RESPECT TO THE ASSETS, EVEN IF SUCH COSTS, EXPENSES, DAMAGES AND LIABILITIES ARISE OUT OF OR RESULT FROM OR RELATE TO, SOLELY OR IN PART, THE SOLE, ACTIVE, PASSIVE, CONCURRENT OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OR VIOLATION OF LAW OF OR BY AN OPERATOR OF THE ASSETS OR A MEMBER OF THE SELLER INDEMNIFIED PARTIES, EXCEPTING ONLY LIABILITIES TO THE EXTENT ACTUALLY RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A MEMBER OF THE SELLER INDEMNIFIED PARTIES.

(d) Buyer agrees to promptly provide Seller, but in no event less than five (5) days after receipt or creation, copies of all non-privileged final reports and any other results prepared by Buyer and/or any of Buyer's Representatives which contain data collected or generated from Buyer's and Buyer's Representatives' due diligence with respect to the Assets. Seller shall not be deemed by its receipt of such documents or otherwise to have made any representation or warranty, expressed, implied or statutory as to the condition of the Assets or to the accuracy of said documents or the information contained therein.

(e) As soon as reasonably practicable, but in any event promptly upon completion of Buyer's due diligence, Buyer shall at its sole cost and expense and without any cost or expense to Seller or its Affiliates (i) repair all damage done to the Assets in connection with Buyer's and Buyer's Representatives' due diligence, (ii) restore the Assets to the same condition as they were prior to commencement of Buyer's and Buyer's Representatives' due diligence and (iii) remove all equipment, tools or other property brought onto the Assets in connection with Buyer's and Buyer's Representatives' due diligence. Any disturbance to the Assets (including, the leasehold associated therewith) resulting from Buyer's and Buyer's Representatives' due diligence will be promptly corrected by Buyer at Buyer's sole cost and expense.

(f) During all periods that Buyer or any of Buyer's Representatives are on the Assets or are in Seller's or its Affiliates' offices, Buyer shall maintain, at its sole cost and expense and with insurers reasonably satisfactory to Seller, policies of insurance of the types and in the amounts reasonably requested by Seller. Coverage under all insurance required to be carried by Buyer hereunder will (i) be primary insurance, (ii) list the Seller Indemnified Parties as additional insureds, (iii) waive subrogation against the Seller Indemnified Parties and (iv) provide for ten (10) Business Days prior notice to Seller in the event of cancellation or modification of the policy or reduction in coverage. Upon request by Seller, Buyer shall provide evidence of such insurance to Seller prior to entering the Assets.

10.2 Confidentiality. Buyer acknowledges that, pursuant to its right of access to the Records or the Assets, Buyer and Buyer's Representatives (including Buyer's environmental consulting or engineering firm) will become privy to confidential and other information of Seller or its Affiliates and Buyer shall ensure that such confidential information shall be held confidential by Buyer and Buyer's Representatives in accordance with the terms of the Confidentiality Agreement except to the extent such confidential information must be used for disclosures otherwise made in satisfaction of any of the obligations under this Agreement, including disclosures made in connection with obtaining the R&W Insurance Policy, or to enforce any rights under this Agreement or under any other document or agreement related hereto. Buyer further agrees that, notwithstanding termination of the Confidentiality Agreement, if Closing does not

occur then Buyer shall not disclose to any Third Party the results of any Phase I or any other environmental assessment performed on the Assets under Section 10.1 except as required by Law.

10.3 Disclaimers.

(a) EXCEPT AS AND TO THE LIMITED EXTENT EXPRESSLY REPRESENTED OTHERWISE IN THIS AGREEMENT, THE ASSIGNMENT, OR THE SELLER'S CERTIFICATE, (I) SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, (II) SELLER EXPRESSLY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR, AND (III) BUYER IS NOT RELYING UPON, ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO BUYER OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS OR REPRESENTATIVES (INCLUDING, ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER BY SELLER (OR ANY AFFILIATE OF SELLER), ANY AGENT, CONSULTANT, REPRESENTATIVE OR ADVISOR OF SELLER OR ANY OF ITS AFFILIATES). BUYER ACKNOWLEDGES AND AGREES THAT NO SELLER INDEMNIFIED PARTY SHALL HAVE ANY LIABILITY OR RESPONSIBILITY FOR FAILING OR OMITTING TO DISCLOSE ANY CONDITION, AGREEMENT, DOCUMENT, DATA, INFORMATION OR OTHER MATERIALS RELATING TO THE ASSETS THAT IS NOT EXPRESSLY COVERED BY THE REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT OR THE ASSIGNMENT.

(b) EXCEPT AS AND TO THE LIMITED EXTENT EXPRESSLY REPRESENTED OTHERWISE IN THE ASSIGNMENT, THIS AGREEMENT, OR THE SELLER'S CERTIFICATE, AND WITHOUT LIMITING THE GENERALITY OF SECTION 10.3(a), SELLER EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY OR IMPLIED, AS TO (I) TITLE TO ANY OF THE ASSETS, (II) THE CONTENTS, CHARACTER OR NATURE OF ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT, OR ANY ENGINEERING, GEOLOGICAL, GEOPHYSICAL OR SEISMIC DATA OR INTERPRETATION OR ANALYSIS RELATING TO THE ASSETS, (III) THE QUANTITY, QUALITY OR RECOVERABILITY OF HYDROCARBONS IN OR FROM THE ASSETS, (IV) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES TO BE GENERATED BY THE ASSETS, (V) THE PRODUCTION OF OR ABILITY TO PRODUCE HYDROCARBONS FROM THE ASSETS, (VI) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (VII) THE CONTENT, CHARACTER OR NATURE OF ANY INFORMATION MEMORANDUM, REPORTS, BROCHURES, CHARTS OR STATEMENTS PREPARED BY SELLER OR THIRD PARTIES WITH RESPECT TO THE ASSETS (INCLUDING THE ACCURACY OR COMPLETENESS THEREOF), (VIII) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE TO BUYER OR ITS AFFILIATES, OR ITS OR THEIR RESPECTIVE EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT (INCLUDING THE ACCURACY OR COMPLETENESS

THEREOF) OR ANY DISCUSSION OR PRESENTATION RELATING THERETO (INCLUDING THE ACCURACY OR COMPLETENESS THEREOF) AND (IX) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT. EXCEPT AS AND TO THE LIMITED EXTENT EXPRESSLY REPRESENTED OTHERWISE IN THE ASSIGNMENT, THIS AGREEMENT, OR THE SELLER'S CERTIFICATE, BUYER ACKNOWLEDGES AND AGREES THAT (X) NO SELLER INDEMNIFIED PARTY IS MAKING (AND NO SELLER INDEMNIFIED PARTY SHALL HAVE ANY LIABILITY OR RESPONSIBILITY FOR) AND (Y) NO BUYER INDEMNIFIED PARTY IS RELYING UPON ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY OR IMPLIED, OF MERCHANTABILITY, FREEDOM FROM LATENT VICES OR DEFECTS, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY OF THE ASSETS, RIGHTS OF A PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION OR RETURN OF THE PURCHASE PRICE, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES THAT BUYER SHALL BE DEEMED TO BE OBTAINING THE ASSETS IN THEIR PRESENT STATUS, CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS" WITH ALL FAULTS OR DEFECTS, AND THAT BUYER HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS BUYER DEEMS APPROPRIATE.

(c) OTHER THAN AS AND TO THE LIMITED EXTENT EXPRESSLY REPRESENTED OTHERWISE IN SECTION 4.15, BUYER ACKNOWLEDGES AND AGREES THAT (I) NO SELLER INDEMNIFIED PARTY IS MAKING (AND NO SELLER INDEMNIFIED PARTY SHALL HAVE ANY LIABILITY OR RESPONSIBILITY FOR) AND (II) NO BUYER INDEMNIFIED PARTY IS RELYING UPON ANY REPRESENTATION OR WARRANTY REGARDING ANY MATTER OR CIRCUMSTANCE RELATING TO ENVIRONMENTAL LAWS, THE RELEASE OF MATERIALS INTO THE ENVIRONMENT OR THE PROTECTION OF HUMAN HEALTH, SAFETY, NATURAL RESOURCES OR THE ENVIRONMENT, OR ANY OTHER ENVIRONMENTAL CONDITION OF THE ASSETS, AND NOTHING IN THIS AGREEMENT OR OTHERWISE SHALL BE CONSTRUED AS SUCH A REPRESENTATION OR WARRANTY, AND, BUYER SHALL BE DEEMED TO BE TAKING THE ASSETS "AS IS" AND "WHERE IS" WITH ALL FAULTS FOR PURPOSES OF THEIR ENVIRONMENTAL CONDITION AND THAT BUYER HAS MADE OR CAUSED TO BE MADE SUCH ENVIRONMENTAL INSPECTIONS AS BUYER DEEMS APPROPRIATE.

(d) FOR THE AVOIDANCE OF DOUBT, BUYER ACKNOWLEDGES AND AGREES THAT BUYER CANNOT RELY ON OR FORM ANY CONCLUSIONS FROM SELLER'S METHODOLOGIES FOR THE DETERMINATION AND REPORTING OF ANY ASSET TAXES THAT WERE UTILIZED FOR ANY TAX PERIOD (OR PORTION OF ANY STRADDLE PERIOD) BEGINNING PRIOR TO THE CLOSING DATE FOR PURPOSES OF CALCULATING AND REPORTING ASSET TAXES ATTRIBUTABLE TO ANY TAX PERIOD (OR PORTION OF ANY STRADDLE PERIOD) BEGINNING ON OR AFTER THE CLOSING DATE, IT BEING UNDERSTOOD THAT BUYER MUST MAKE ITS OWN DETERMINATION AS TO THE

PROPER METHODOLOGIES THAT CAN OR SHOULD BE USED FOR ANY SUCH LATER TAX RETURN.

(e) SELLER AND BUYER AGREE THAT, TO THE EXTENT REQUIRED BY LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS SECTION 10.3 ARE “CONSPICUOUS” DISCLAIMERS FOR THE PURPOSE OF ANY LAW.

**ARTICLE XI
TITLE MATTERS; CASUALTY; TRANSFER RESTRICTIONS**

11.1 Seller’s Title.

(a) General Disclaimer of Title Warranties and Representations. Except for the special warranty of Defensible Title in the Assignment and without limiting Buyer’s remedies for Title Defects set forth in this Article XI and the representations and warranties set forth in Article IV and Section 11.1(b) of this Agreement, Seller makes no warranty or representation, express, implied, statutory or otherwise with respect to Seller’s title to any of the Assets, and Buyer hereby acknowledges and agrees that Buyer’s sole and exclusive remedy for any defect of title, including any Title Defect, with respect to any of the Assets (i) before Closing, shall be as set forth in Section 11.2(d) or if applicable, Section 14.1(b) and (ii) after Closing, shall be pursuant to the special warranty of Defensible Title of Seller in the Assignment. Buyer is not entitled to protection under (or have the right to make a claim against) Seller’s special warranty of Defensible Title in the Assignment for any Title Defect reported by Buyer under Section 11.2(a).

(b) Special Warranty of Defensible Title. If Closing occurs, then effective as of the Closing Date until the expiration of the SWT Survival Period, Seller shall warrant in the Assignment Defensible Title to its interest in the Wells unto Buyer against every Person whomsoever lawfully claims the same or any part thereof by, through or under Seller and its Affiliates, but not otherwise, subject, however, to the Permitted Encumbrances. Buyer and Seller acknowledge and agree that the special warranty of Defensible Title set forth in the Assignment shall constitute a special warranty of title by, through and under Seller under the applicable laws of the State of Texas.

(c) Recovery on Special Warranty of Defensible Title.

(i) To assert a breach of Seller’s special warranty of Defensible Title in the Assignment, Buyer shall furnish Seller a claim notice meeting the requirements of Section 11.2(a) in all material respects setting forth such matters which Buyer intends to assert as a breach of Seller’s special warranty of Defensible Title in the Assignment at such time. For all purposes of this Agreement, Buyer shall be deemed to have waived, and Seller shall have no further Liability for, any breach of Seller’s special warranty of Defensible Title in the Assignment that Buyer fails to assert by a claim notice meeting the requirements of Section 11.2(a) in all material respects given to Seller on or before the expiration of the SWT Survival Period. Seller shall have a reasonable opportunity, but not the obligation, to cure any breach of the special warranty of Defensible Title in the Assignment asserted by Buyer.

(ii) Recovery on Seller's special warranty of Defensible Title in the Assignment shall be limited to an amount (without any interest accruing thereon) equal to the reduction in the Purchase Price to which Buyer would have been entitled had Buyer asserted the defect giving rise to such breach of Seller's special warranty of Defensible Title as a Title Defect prior to the Title Claim Date pursuant to Section 11.2. Seller shall be entitled to offset any amount owed by Seller to Buyer for Seller's breach of the special warranty of Defensible Title with respect to any Well by the amount of any Title Benefits with respect to any Well (whether such Title Benefit is asserted before or after the Closing) unless such Title Benefit resulted in an increase to the Purchase Price in accordance with Section 3.2 or was used as an offset to any Title Defects under Section 11.2.

11.2 Notice of Title Defects; Defect Adjustments.

(a) Title Defect Notices. Buyer must deliver no later than 5:00 p.m. (Central Time) on the date that is forty-five (45) days after the Execution Date (the "***Title Claim Date***") claim notices to Seller meeting the requirements of this Section 11.2(a) (collectively the "***Title Defect Notices***" and individually a "***Title Defect Notice***") setting forth any matters which, in Buyer's good faith opinion, constitute Title Defects and which Buyer intends to assert as a Title Defect pursuant to this Section 11.2(a). For all purposes of this Agreement and notwithstanding anything herein to the contrary (except as provided in Section 11.1), Buyer shall be deemed to have waived, and Seller shall have no Liability for, any Title Defect which Buyer fails to assert as a Title Defect by a properly delivered Title Defect Notice received by Seller on or before the Title Claim Date. To be effective, each Title Defect Notice shall be in writing and shall include (i) a description of the alleged Title Defect and the Well, or portion thereof, affected by such alleged Title Defect (each, whether affected by an actual or alleged Title Defect, a "***Title Defect Property***"), (ii) the Allocated Value of each Title Defect Property, (iii) supporting documents reasonably necessary for Seller to verify the existence of such alleged Title Defect and (iv) the amount by which Buyer reasonably believes the Allocated Value of each Title Defect Property is reduced by such alleged Title Defect and the computations upon which Buyer's belief is based. To give Seller an opportunity to commence reviewing and curing Title Defects, Buyer agrees to use commercially reasonable efforts to give Seller, on or before the end of each calendar week prior to the Title Claim Date, written notice of alleged Title Defects discovered by Buyer during the preceding calendar week, which notice shall be preliminary in nature and supplemented prior to the Title Claim Date. From the Execution Date until the end of the SWT Survival Period, Buyer shall also, promptly upon discovery, furnish Seller with written notice of any Title Benefit which is discovered by any of Buyer's or any of its Affiliate's employees, title attorneys, landmen or other title examiners while conducting Buyer's due diligence with respect to the Assets.

(b) Title Benefit Notices. Seller shall have the right, but not the obligation, to deliver to Buyer on or before the Title Claim Date with respect to each Title Benefit a notice (a "***Title Benefit Notice***") including (i) a description of the alleged Title Benefit and the Asset, or portion thereof, affected by such alleged Title Benefit (each, whether affected by an actual or alleged Title Benefit, a "***Title Benefit Property***"), and (ii) the amount by which Seller reasonably believes the Allocated Value of such Title Benefit Property is increased by such alleged Title Benefit and the computations upon which Seller's belief is based. Except as provided in Section 11.1(c) and for Title Benefits of which Buyer is required to notify Seller pursuant to

Section 11.2(a), Seller shall be deemed to have waived all Title Benefits for which a Title Benefit Notice has not been delivered on or before the Title Claim Date.

(c) Seller's Right to Cure. Seller shall have the right, but not the obligation, to attempt, at its sole cost, to cure at any time prior to Ninety (90) days after Closing (the "**Cure Period**"), any Title Defect asserted by Buyer; *provided, however*, that if after pursuit of other remedies reasonably available to Seller to cure any such Title Defect, Seller reasonably believes that such Title Defect can be cured through a quiet title or similar proceeding, then the Cure Period with respect to such Title Defect shall be extended until such quiet title or similar proceeding is finally resolved (not to exceed ninety (90) days after the expiration of the Cure Period), notwithstanding Seller's previous attempt to cure such Title Defect without the use of a quiet title or similar proceeding, so long as Seller initiates the quiet title or similar proceeding on or before the end of the Cure Period and diligently pursues such proceeding. During the period of time from Closing to the expiration of the Cure Period (or any extended period contemplated by this Section 11.2(c)), Buyer agrees to reasonably cooperate with Seller, including by giving Seller reasonable access during normal business hours to all Records in Buyer's or its Affiliates' possession or control and by giving Seller reasonable access to the Assets, to the extent necessary or convenient to facilitate Seller's attempt to cure any such Title Defects and subject to Seller abiding by Buyer's, and any Third Party operator's, safety rules, regulations and operating policies (including with respect to the COVID-19 virus) while attempting to cure such Title Defects. No reduction shall be made to the Purchase Price with respect to any Title Defect for which Seller has provided notice to Buyer prior to or on the Closing Date that Seller intends to attempt to cure the Title Defect during the Cure Period or dispute the existence of a Title Defect or the Title Defect Amount asserted with respect thereto under Section 11.2(j). An election by Seller to attempt to cure a Title Defect shall be without prejudice to its rights under Section 11.2(j) and shall not constitute an admission against interest or a waiver of Seller's right to dispute the existence, nature or value of, or cost to cure, the alleged Title Defect.

(d) Remedies for Title Defects. Subject to Seller's continuing right to cure a Title Defect before the end of the Cure Period or dispute the existence of a Title Defect or the Title Defect Amount asserted with respect thereto before the end of the Cure Period, in the event that any Title Defect timely and effectively asserted by Buyer in accordance with Section 11.2(a) is not waived in writing by Buyer or cured during the Cure Period, Seller shall, at its sole option, elect to:

(i) subject to the Individual Title Defect Threshold and the Aggregate Defect Deductible, reduce the Purchase Price or Final Price, as applicable, by the Title Defect Amount (not to exceed the Allocated Value of the applicable Title Defect Property) determined pursuant to Section 11.2(g) or Section 11.2(j);

(ii) cure the alleged Title Defect pursuant to Section 11.2(c) before the end of the Cure Period; or

(iii) if applicable, terminate this Agreement pursuant to Section 8.4.

If Seller fails to elect in writing one of the remedies set forth in Sections 11.2(d)(i) through 11.2(d)(iii) above prior to Closing with respect to any Title Defect, then Seller shall be deemed to

have elected (subject to Seller's continuing right to cure a Title Defect before the end of the Cure Period or dispute the existence of a Title Defect and the Title Defect Amount asserted with respect thereto) the remedy in Section 11.2(d)(i).

(e) Remedies for Title Benefits. With respect to each Title Benefit Property reported under Section 11.2(a) or Section 11.2(b), the Purchase Price shall be increased by an amount (the "**Title Benefit Amount**") equal to the increase in the Allocated Value for such Title Benefit Property caused by such Title Benefit, as determined pursuant to Section 11.2(h) or Section 11.2(j). Notwithstanding the foregoing or anything to the contrary in this Agreement (i) in no event shall there be any adjustments to the Purchase Price or other remedies provided by Seller for any individual Title Benefit for which the Title Benefit Amount does not exceed [***] (the "**Individual Title Benefit Threshold**"); and (ii) in no event shall there be any adjustments to the Purchase Price or other remedies provided by Buyer for any Title Benefit that exceeds the Individual Title Benefit Threshold unless (A) the amount of the sum of (1) the aggregate Title Benefit Amounts of all such Title Benefits asserted by Seller that exceed the Individual Title Benefit Threshold exceeds (B) the Aggregate Benefit Deductible, after which point Seller shall be entitled to adjustments to the Purchase Price or other applicable remedies available hereunder, but only with respect to the amount by which the aggregate amount of such Title Benefit Amounts exceeds the Aggregate Benefit Deductible.

(f) Exclusive Remedy. Except for Buyer's remedy for a breach of Seller's representations and warranties contained in Article IV or the corresponding representations and warranties in Seller's Certificate and Buyer's rights under Seller's special warranty of title under Section 11.1(b), the provisions set forth in Section 11.2(d) shall be the exclusive right and remedy of Buyer with respect to Seller's failure to have Defensible Title with respect to any Asset or any other title matter.

(g) Title Defect Amount. The amount by which the Allocated Value of a Title Defect Property is reduced as a result of the existence of a Title Defect shall be the "**Title Defect Amount**" and shall be determined in accordance with the following methodology, terms and conditions:

(i) if Buyer and Seller agree in writing on the Title Defect Amount, then that amount shall be the Title Defect Amount;

(ii) if the Title Defect is an Encumbrance that is undisputed and liquidated in amount, then the Title Defect Amount shall be the amount necessary to be paid to remove the Title Defect from the Title Defect Property;

(iii) if, with respect to any Title Defect affecting a Well, the Title Defect is the result of Seller's Net Revenue Interest for such Title Defect Property as to a Subject Depth (for the productive life of such Title Defect Property) being less than the Net Revenue Interest set forth on Exhibit B for such Title Defect Property as to such Subject Depth, and the Working Interest set forth on Exhibit B for such Title Defect Property as to such Subject Depth is decreased (for the productive life of such Title Defect Property) in the same proportion as the decrease in Net Revenue Interest for such Title Defect Property as to such Subject Depth, then the Title Defect Amount shall be the product of (A) the Allocated Value of such Title Defect Property as to such

Subject Depth multiplied by (B) a fraction, the numerator of which is such Net Revenue Interest decrease and the denominator of which is the Net Revenue Interest set forth for such Title Defect Property as to such Subject Depth on Exhibit B;

(iv) if the Title Defect represents any matter other than described in clauses (i) through (iii) of this Section 11.2(g), then the Title Defect Amount shall be determined by taking into account the Allocated Value of the Title Defect Property and the affected Subject Depths, the portion (including Subject Depths) of the Title Defect Property affected by the Title Defect, the legal effect of the Title Defect, the potential economic effect of the Title Defect over the life of the Title Defect Property, the values placed upon the Title Defect by Buyer and Seller and such other reasonable factors as are necessary to make a proper evaluation;

(v) the Title Defect Amount with respect to a Title Defect Property shall be determined without duplication of any costs or losses included in another Title Defect Amount hereunder; and

(vi) notwithstanding anything to the contrary in this Article XI, the aggregate Title Defect Amounts attributable to the effects of all Title Defects upon any Title Defect Property shall not exceed the lesser of: (A) the Allocated Value of such Title Defect Property and (B) the reasonable cost to cure such Title Defects.

(h) Title Benefit Amount. The Title Benefit Amount resulting from a Title Benefit shall be determined in accordance with the following methodology, terms and conditions:

(i) if Buyer and Seller agree in writing on the Title Benefit Amount, then that amount shall be the Title Benefit Amount;

(ii) if, with respect to any Title Benefit affecting a Well, the Title Benefit represents an increase in Seller's Net Revenue Interest for such Title Benefit Property as to a Subject Depth (for the productive life of such Title Benefit Property) and the Working Interest set forth on Exhibit B for such Subject Depth of such Title Benefit Property is increased (for the productive life of such Title Benefit Property) in the same proportion as the increase in Net Revenue Interest for such Subject Depth of such Title Benefit Property, then the Title Benefit Amount shall be the product of (A) the Allocated Value of such Subject Depth for such Title Benefit Property multiplied by (B) a fraction, (1) the numerator of which is the Net Revenue Interest increase for such Subject Depth of such Title Benefit Property and (2) the denominator of which is the Net Revenue Interest set forth for such Subject Depth of such Title Benefit Property on Exhibit B;

(iii) if the Title Benefit is of a type not described above, then the Title Benefit Amount shall be determined by taking into account the Allocated Value of Title Benefit Property and the affected Subject Depths, the portion (including Subject Depths) of such Title Benefit Property affected by such Title Benefit, the legal effect of the Title Benefit, the potential economic effect of the Title Benefit over the life of such Title Benefit Property, the values placed upon the Title Benefit by Buyer and Seller and such other reasonable factors as are necessary to make a proper evaluation.

(i) Title Defect Threshold and Deductible. Notwithstanding anything to the contrary in this Agreement (i) in no event shall there be any adjustments to the Purchase Price or other remedies provided by Seller for any individual Title Defect for which the Title Defect Amount does not exceed [***] (the “**Individual Title Defect Threshold**”); and (ii) in no event shall there be any adjustments to the Purchase Price or other remedies provided by Seller for any Title Defect that exceeds the Individual Title Defect Threshold unless (A) the amount of the sum of (1) the aggregate Title Defect Amounts of all such Title Defects asserted against Seller that exceed the Individual Title Defect Threshold (but excluding any such Title Defects cured by Seller), *plus* (2) the aggregate Remediation Amounts of all Environmental Defects asserted against Seller that exceed the Individual Environmental Defect Threshold (but excluding any Environmental Defect cured by Seller), exceeds (B) the Aggregate Defect Deductible, after which point Buyer shall be entitled to adjustments to the Purchase Price or other applicable remedies available hereunder, but only with respect to the amount by which the aggregate amount of such Title Defect Amounts and Remediation Amounts exceeds the Aggregate Defect Deductible. For the purposes of determining whether or not a Title Defect exceeds the Individual Title Defect Threshold, individual Title Defects will be determined on an asset-by-asset basis, and shall not be aggregated with other Title Defects under any circumstances, regardless of whether or not the same event, fact, circumstance or liability giving rise to such Title Defect occurs or is present across multiple assets.

(j) Title Dispute Resolution. Seller and Buyer shall attempt to agree in writing on matters regarding (i) all Title Defects, Title Benefits, Title Defect Amounts and Title Benefit Amounts, and (ii) the adequacy of any curative materials provided by Seller to cure an alleged Title Defect (collectively, the “**Disputed Title Matters**”) prior to Closing (or, if Seller elects to attempt to cure pursuant to Section 11.2(c), then prior to the end of the Cure Period). If Seller and Buyer are unable to agree in writing by Closing (or by the end of the Cure Period if Seller elects to attempt to cure a Title Defect after Closing), the Disputed Title Matters shall be exclusively and finally resolved by arbitration pursuant to this Section 11.2(j). There shall be a single arbitrator, who shall be a title attorney or consultant with at least fifteen (15) years’ experience in oil and gas titles involving properties in the regional area in which the Title Defect Properties and/or Title Benefit Properties are located, as selected by mutual written agreement of Buyer and Seller within fifteen (15) days after the Closing Date or the end of the Cure Period, as applicable, and absent such agreement, by the Houston, Texas office of the AAA (the “**Title Arbitrator**”). Each of Buyer and Seller shall submit to the Title Arbitrator its proposed resolution of the Disputed Title Matter in writing. The proposed resolution of the Disputed Title Matter shall include the best offer of the submitting Party in a single monetary amount that such Party is willing to pay or accept (as applicable) to settle the Disputed Title Matter. The arbitration proceeding shall be held in Houston, Texas and shall be conducted in accordance with the Commercial Arbitration Rules of the AAA, to the extent such rules do not conflict with the terms of this Section 11.2(j). The Title Arbitrator’s determination shall be made within thirty (30) days after submission of the matters in dispute and, without limiting Section 15.2(b), shall be final and binding upon the Parties, without right of appeal. In making its determination, the Title Arbitrator shall be bound by the rules set forth in Section 11.2(g) and Section 11.2(h) and, subject to the foregoing, may consider such other matters as in the opinion of the Title Arbitrator are necessary or helpful to make a proper determination; *provided, however*, that the Title Arbitrator shall be limited to awarding only one or the other of the two proposed settlement amounts. The Title Arbitrator shall act as an expert for the limited purpose of determining the specific Disputed Title Matter submitted by either Party and may not

award damages, interest or penalties to either Party with respect to any matter. The costs of the Title Arbitrator shall be borne equally between the Parties. To the extent that the award of the Title Arbitrator with respect to any Title Defect Amount or Title Benefit Amount is not taken into account as an adjustment to the Purchase Price pursuant to Section 3.3 or Section 3.4, then, within ten (10) days after the Title Arbitrator delivers written notice to Buyer and Seller of his award with respect to a Title Defect Amount or Title Benefit Amount, and subject to Section 11.2(i), the Parties shall account to each other in accordance with the terms of such award. Nothing herein shall operate to cause Closing to be delayed on account of any unresolved Disputed Title Matter arbitration conducted pursuant to this Section 11.2(j), and to the extent any adjustments are not agreed upon by the Parties in writing as of Closing, the Purchase Price shall not be adjusted therefor at Closing and subsequent adjustments to the Purchase Price, if any, will be made pursuant to Section 3.4 or this Section 11.2.

11.3 Casualty Loss.

(a) Intentionally removed.

(b) If, after the Execution Date but prior to the Closing Date, any Asset is damaged or destroyed by fire or other casualty (except to the extent Buyer has an indemnification obligation to Seller for such damage, destruction or casualty under Section 10.1(c)) or is taken in condemnation or under right of eminent domain (each a “**Casualty Loss**”), subject to Section 7.4, Buyer shall nevertheless be required to Close. Furthermore, subject to Section 7.4 and Section 8.4:

(i) If there any losses to the Assets as a result of Casualty Losses that occur between the Execution Date and the Closing, Seller shall elect in writing to either (x) restore the Asset(s) affected by such Casualty Loss to substantially their condition as of the Execution Date as promptly as practicable following the Closing, (y) adjust the Purchase Price downward by the amount by the reasonable estimated losses to the Assets as a result of such Casualty Losses, or (z) exclude the affected Asset(s) from the transaction contemplated hereby and reduce the Purchase Price by the Allocated Value of such excluded Assets. In the event this clause (b)(i) is applicable, Seller shall retain all sums paid by Third Parties by reason of such Casualty Losses and all rights in and to any insurance claims, unpaid awards and other rights, in each case, against Third Parties arising out of such Casualty Losses. Further, in the event clause (b)(i)(x) above is applicable, Buyer agrees to reasonably cooperate with Seller, including by giving Seller reasonable access to the affected Assets to the extent necessary or convenient to facilitate Seller’s efforts to restore such affected Assets.

11.4 Consents to Assign. With respect to each Consent set forth on Schedule 4.4, promptly after the Execution Date, and in any event no later than five (5) Business Days after the Execution Date, Seller shall prepare and deliver to Buyer a draft notice, and subsequent to Buyer’s reasonable approval thereof, shall send to the holder of each such Consent written notice in material compliance with the contractual provisions applicable to such Consent seeking such holder’s consent to the transactions contemplated hereby.

(a) If Seller fails to obtain a Consent set forth on Schedule 4.4 prior to Closing and the failure to obtain such Consent would (i) cause the assignment to Buyer of the Assets (or

portion thereof affected thereby) to be void or voidable, or (ii) cause the termination of a Lease or Contract under the express terms thereof (a consent satisfying (i), or (ii) a “**Hard Consent**”), then (1) the Asset (or portion thereof) affected by such Hard Consent shall not be conveyed at the Closing, (2) the Purchase Price shall be reduced by the Allocated Value of such Asset (or portion thereof) excluded from the Assets conveyed at Closing, and (3) Seller shall use commercially reasonable efforts to obtain the Hard Consent applicable to the transfer of such Asset following the Closing *provided, however*, that no Party shall be required to incur any Liability or pay any money or provide other consideration to any holder of any such Hard Consent in order to obtain such Hard Consent. In the event that a Hard Consent (with respect to an Asset excluded pursuant to this Section 11.4(a)) that was not obtained prior to Closing is obtained within one hundred twenty (120) days following Closing, then, within ten (10) Business Days after such Hard Consent is obtained (x) Buyer shall purchase the Asset (or portion thereof) and any associated Assets (or portion thereof) that were so excluded as a result of such previously un-obtained Hard Consent and pay to Seller the amount by which the Purchase Price was reduced at Closing with respect to the Asset (or portion thereof) and any associated Assets so excluded (as such amount is appropriately adjusted in accordance with the other terms of this Agreement) and (y) Seller shall assign to Buyer the Assets (or portion thereof) and any associated Assets so excluded at Closing pursuant to an instrument in substantially the same form as the Assignment, in each case, pursuant to Section 9.5 (and the other terms and conditions herein) with respect to such Assets (or portion thereof) and any associated Assets so excluded at Closing.

(b) If Seller fails to obtain a Consent set forth on Schedule 4.4 prior to Closing, and such Consent is not a Hard Consent, then the Asset (or portion thereof) subject to such un-obtained Consent shall nevertheless be assigned by Seller to Buyer at Closing as part of the Assets and Buyer shall have no claim against, and Seller shall have no Liability to Buyer for, the failure to obtain such Consent.

(c) Prior to Closing, Seller shall use its commercially reasonable efforts to obtain all Consents listed on Schedule 4.4; *provided, however*, that no Party shall be required to incur any Liability, pay any money or provide any other consideration to the holders of any Consent in order to obtain any such Consent. Subject to the foregoing, Buyer agrees to execute any documents in a form and substance reasonably satisfactory to Buyer evidencing the assignment, assumption and/or attornment of any Applicable Contracts and provide Seller with any information or documentation that may be reasonably requested by Seller or the Third Party holder(s) of such Consents in order to facilitate the process of obtaining such Consents.

11.5 Preferential Purchase Rights. With respect to each Preferential Purchase Right set forth on Schedule 4.9, Seller, promptly after the Execution Date, and in any event no later than five (5) Business Days after the Execution Date, Seller shall prepare and deliver to Buyer a draft notice, and subsequent to Buyer’s reasonable approval thereof, shall use send to the holder of each such Preferential Purchase Right a notice in material compliance with the contractual provisions applicable to such Preferential Purchase Right with respect to the transactions contemplated hereby.

(a) In the event that any holder of a Preferential Purchase Right exercises such Preferential Purchase Right prior to the Closing, the Assets subject to such Preferential Purchase Right (as well as all other Assets as may be reasonably necessary to effect the exclusion of the

affected Asset due to any uniformity of interest provisions, unit agreements or other contractual or operational restrictions on the transfer of such affected Asset) shall be excluded from this Agreement, the Purchase Price shall be reduced at Closing by an amount equal to the aggregate Allocated Values of such affected Assets and, subject to Article IX, the Closing shall occur as to the remainder of the Assets (or interests therein).

(b) In the event that any holder of a Preferential Purchase Right fails to exercise such Preferential Purchase Right prior to the Closing and the time period for exercise or waiver of such Preferential Purchase Right has not yet expired, the Assets subject to such Preferential Purchase Right (as well as all other Assets as may be reasonably necessary to effect the exclusion of the affected Asset due to any uniformity of interest provisions, unit agreements or other contractual or operational restrictions on the transfer of such affected Asset) shall be retained by the Seller and the Purchase Price shall be reduced at Closing by an amount equal to the aggregate Allocated Values of such retained Assets, and, subject to Article IX, the Closing shall occur as to the remainder of the Assets (or interests therein).

(c) If, subsequent to the Closing, any Preferential Purchase Right is waived, or if the time period otherwise set forth for exercising such Preferential Purchase Right expires without exercise by the holders thereof, or such holder of such Preferential Purchase Right fails to consummate the purchase of the Assets covered by such Preferential Purchase Right in accordance with the terms of the Preferential Purchase Right, in each case prior to the expiration of the Cure Period, then Seller and Buyer shall effect a Closing pursuant to Section 9.5 (and the other terms and conditions herein) with respect to, and Seller shall transfer to Buyer, the Assets (or interests therein) subject to such Preferential Purchase Right and any related Assets which were excluded from the Closing as provided in this Section 11.5, and Buyer shall pay or provide to Seller an amount equal to the aggregate Allocated Values of such Assets (as adjusted pursuant to Section 3.2).

ARTICLE XII ENVIRONMENTAL MATTERS

12.1 Notice of Environmental Defects.

(a) Environmental Defects Notice. Buyer must deliver no later than 5:00 p.m. (Central Time) on the date that is forty-five (45) days after the Execution Date (the “*Environmental Claim Date*”) claim notices to Seller meeting the requirements of this Section 12.1(a) (collectively the “*Environmental Defect Notices*” and individually an “*Environmental Defect Notice*”) setting forth any matters which, in Buyer’s good faith opinion, constitute Environmental Defects and which Buyer intends to assert as Environmental Defects pursuant to this Section 12.1. For all purposes of this Agreement, but subject to Buyer’s remedy for a breach of Seller’s representation contained in Section 4.15 and the corresponding representation in the Seller’s Certificate, Buyer shall be deemed to have waived, and Seller shall have no Liability for, any Environmental Defect which Buyer fails to assert as an Environmental Defect by a properly delivered Environmental Defect Notice received by Seller on or before the Environmental Claim Date. To be effective, each Environmental Defect Notice shall be in writing and shall include (i) a description of the matter constituting the alleged Environmental Defect (including the applicable Environmental Law violated or implicated thereby) and the Assets

affected by such alleged Environmental Defect, (ii) the Allocated Value of the Assets (or portions thereof) affected by such alleged Environmental Defect, (iii) supporting documents reasonably necessary for Seller to verify the existence of such alleged Environmental Defect, and (iv) Buyer's good faith calculation of the Remediation Amount (itemized in reasonable detail) that Buyer asserts is attributable to such alleged Environmental Defect. Buyer's calculation of the Remediation Amount included in the Environmental Defect Notice must describe in reasonable detail the Remediation proposed for the alleged Environmental Defect and identify all assumptions used by the Buyer in calculating the Remediation Amount, including the standards that Buyer asserts must be met to comply with Environmental Laws. To give Seller an opportunity to commence reviewing and curing Environmental Defects, Buyer agrees to give Seller, on or before the end of each calendar week prior to the Environmental Claim Date, written notice of all alleged Environmental Defects discovered by Buyer during the preceding calendar week, which notice may be preliminary in nature and supplemented prior to the Environmental Claim Date. Buyer may not assert as an Environmental Defect any environmental condition disclosed in the schedules to this Agreement.

(b) Seller's Right to Cure. Seller shall have the right, but not the obligation, to attempt, at its sole cost, to cure at any time prior to the (i) Closing Date or (ii) if applicable under Section 12.1(c) below, the end of the Cure Period, any Environmental Defects of which it has been advised by Buyer. An election by Seller to attempt to cure an Environmental Defect shall be without prejudice to its rights under Section 12.1(f) and shall not constitute an admission against interest or a waiver of Seller's right to dispute the existence, nature or value of, or cost to cure, the alleged Environmental Defect.

(c) Remedies for Environmental Defects. Subject to Seller's continuing right to dispute the existence of an Environmental Defect or the Remediation Amount asserted with respect thereto, in the event that any Environmental Defect timely and effectively asserted by Buyer in accordance with Section 12.1(a) is not waived in writing by Buyer prior to the Closing Date, Seller shall, at its sole option, elect to:

(i) retain the entirety of the Asset that is subject to such Environmental Defect, together with all associated Assets, in which event the Purchase Price shall be reduced by an amount equal to the Allocated Value of such Asset and such associated Assets;

(ii) cure the alleged Environmental Defect pursuant to Section 11.2(c) before the end of the Cure Period; or

(iii) if applicable, terminate this Agreement pursuant to Section 8.4.

If Seller fails to elect in writing one of the remedies set forth in Sections 12.1(c)(i) through 12.1(c)(iii) above prior to Closing with respect to any Environmental Defect, then Seller shall be deemed to have elected the remedy in Sections 12.1(c)(i).

(d) Exclusive Remedy. Except for Buyer's remedy for a breach of Seller's representation contained in Section 4.15 or the corresponding representation in Seller's Certificate, the provisions set forth in Section 12.1(c) shall be the exclusive right and remedy of Buyer with respect to any Environmental Defect with respect to any Asset or other environmental matter.

(e) Environmental Deductibles. Notwithstanding anything to the contrary in this Agreement, (i) in no event shall there be any adjustments to the Purchase Price or other remedies provided by Seller for any individual Environmental Defect for which the Remediation Amount does not exceed \$50,000 (the “**Individual Environmental Defect Threshold**”); and (ii) in no event shall there be any adjustments to the Purchase Price or other remedies provided by Seller for any Environmental Defect for which the Remediation Amount exceeds the Individual Environmental Defect Threshold unless (A) the amount of the sum of (1) the aggregate Remediation Amounts of all such Environmental Defects asserted against Seller that exceed the Individual Environmental Defect Threshold (but excluding any Environmental Defects cured by Seller), *plus* (2) the aggregate Title Defect Amounts of all Title Defects asserted against Seller that exceed the Individual Title Defect Threshold (but excluding any Title Defects cured by Seller), exceeds (B) the Aggregate Defect Deductible, after which point Buyer shall be entitled to adjustments to the Purchase Price or other applicable remedies available hereunder, but only with respect to the amount by which the aggregate amount of such Remediation Amounts and Title Defect Amounts exceeds the Aggregate Defect Deductible. For the avoidance of doubt, if Seller retains any Assets pursuant to Section Error! Unknown switch argument.(c)(i), the Remediation Amounts relating to such retained Assets will not count towards the Aggregate Defect Deductible.

(f) Environmental Dispute Resolution. Seller and Buyer shall attempt to agree in writing on all Environmental Defects and Remediation Amounts prior to Closing. If Seller and Buyer are unable to agree in writing by Closing, the Environmental Defects and Remediation Amounts in dispute shall be exclusively and finally resolved by arbitration pursuant to this Section 12.1(f). There shall be a single arbitrator, who shall be an environmental attorney or consultant with at least fifteen (15) years’ experience in environmental matters involving oil and gas producing properties in the regional area in which the affected Assets are located, as selected by mutual written agreement of Buyer and Seller within fifteen (15) days after the Closing Date, and absent such agreement, by the Houston, Texas office of the AAA (the “**Environmental Arbitrator**”). Each of Buyer and Seller shall submit to the Environmental Arbitrator its proposed resolution of Environmental Defects and Remediation Amounts for each Environmental Defect in writing. The proposed resolution shall include the best offer of the submitting Party in a single monetary amount that such Party is willing to pay or accept (as applicable) as the Remediation Amount for each Environmental Defect. The arbitration proceeding shall be held in Houston, Texas and shall be conducted in accordance with the Commercial Arbitration Rules of the AAA, to the extent such rules do not conflict with the terms of this Section 12.1. The Environmental Arbitrator’s determination shall be made within thirty (30) days after submission of the matters in dispute and shall be final and binding upon the Parties, without right of appeal. In making its determination, the Environmental Arbitrator shall be bound by the rules set forth in this Section 12.1 and, subject to the foregoing, may consider such other matters as in the opinion of the Environmental Arbitrator are necessary or helpful to make a proper determination; *provided, however*, that the Environmental Arbitrator shall be limited to awarding only one or the other of the two proposed settlement amounts. The Environmental Arbitrator, however, may not award Buyer any greater Remediation Amount than the Remediation Amount claimed by Buyer in its applicable Environmental Defect Notice. The Environmental Arbitrator shall act as an expert for the limited purpose of determining the specific disputed Environmental Defects and Remediation Amounts submitted by either Party and may not award damages, interest or penalties to either Party with respect to any matter. The costs of the Environmental Arbitrator shall be borne equally between the Parties. To the extent that the award of the Environmental Arbitrator with respect to

any Remediation Amount is not taken into account as an adjustment to the Purchase Price pursuant to Section 3.3 or Section 3.4, then, within ten (10) days after the Environmental Arbitrator delivers written notice to Buyer and Seller of his award with respect to any Remediation Amount, and subject to Section 12.1(e), the Parties shall account to each other in accordance with the terms of such award. Nothing herein shall operate to cause Closing to be delayed on account of any unresolved dispute involving Environmental Defects and/or Remediation Amounts or any arbitration conducted pursuant to this Section 12.1(f), and to the extent any adjustments are not agreed upon by the Parties in writing as of Closing, the Purchase Price shall not be adjusted therefor at Closing and subsequent adjustments to the Purchase Price, if any, will be made pursuant to Section 3.4 or this Section 12.1(f).

12.2 NORM, Asbestos, Wastes and Other Substances. Buyer acknowledges that (a) the Assets have been used for exploration, development and production of oil and gas and that there may be petroleum, produced water, wastes or other substances or materials located in, on or under the Assets or associated with the Assets; (b) equipment and sites included in the Assets may contain asbestos, NORM or other Hazardous Substances; (c) NORM may affix or attach itself to the inside of wells, materials and equipment as scale, or in other forms; (d) the wells, materials and equipment located on the Assets or included in the Assets may contain NORM, asbestos and other wastes or Hazardous Substances; (e) NORM containing material and other wastes or Hazardous Substances may have come in contact with various environmental media, including, water, soils or sediment; (f) special procedures may be required for the assessment, remediation, removal, transportation, or disposal of environmental media, wastes, asbestos, NORM and other Hazardous Substances from the Assets; and (g) notwithstanding anything to the contrary, the presence of NORM, asbestos-containing materials that are non-friable, Hydrocarbons or Hazardous Substances cannot be claimed as an Environmental Defect, except to the extent constituting a violation of Environmental Laws.

ARTICLE XIII
ASSUMPTION; INDEMNIFICATION; SURVIVAL

13.1 Assumed Obligations. Without limiting Buyer's rights to indemnity under this Article XIII, from and after Closing, Buyer assumes and hereby agrees to fulfill, perform, pay and discharge (or cause to be fulfilled, performed, paid and discharged) all obligations and Liabilities, known or unknown, arising from, based upon, related to or associated with the Assets, regardless of whether such obligations or Liabilities arose prior to, on or after the Effective Time, including obligations and Liabilities relating in any manner to the use, ownership or operation of the Assets, including obligations and Liabilities to (a) furnish makeup gas and settle Imbalances according to the terms of applicable gas sales, processing, gathering or transportation Contracts, (b) pay Working Interests, Burdens and other interest owners' revenues or proceeds attributable to sales of Hydrocarbons, (c) pay the applicable Governmental Authority any amounts subject to escheat obligations pursuant to applicable Law, (d) Decommission the Assets, (e) clean up and remediate the Assets in accordance with Applicable Contracts and Laws, (f) perform all obligations applicable to or imposed on the lessee, owner or operator under the Leases and the Applicable Contracts, or as required by Law, and (g) all Property Expenses (all of said obligations and Liabilities being referred to as the "**Assumed Obligations**"); provided that Buyer does not assume any Excluded Liabilities.

13.2 Indemnities of Seller. Effective as of Closing, subject to the limitations set forth in Section 13.4 and Section 13.8 or otherwise in this Agreement, Seller shall be responsible for, shall pay on a current basis and hereby agrees to defend, indemnify, hold harmless and forever release Buyer and its Affiliates, and all of its and their respective equityholders, partners, members, directors, officers, managers, employees, agents and representatives (collectively, "**Buyer Indemnified Parties**") from and against any and all Liabilities suffered or incurred by any Buyer Indemnified Party, whether or not relating to Third Party Claims or incurred in the defense of any of the same or in asserting, preserving or enforcing any of their respective rights hereunder, arising from, based upon, related to or associated with:

- (a) any breach by Seller of any of its representations or warranties contained in this Agreement, the Assignment and/or the Seller's Certificate;
- (b) any breach by Seller of any of its covenants or agreements under this Agreement; and
- (c) the Specified Liabilities and the Excluded Liabilities.

13.3 Indemnities of Buyer. Effective as of Closing, Buyer and its successors and assigns shall assume and be responsible for, shall pay on a current basis, and hereby defends, indemnifies, holds harmless and forever releases Seller and its Affiliates, and all of their respective equityholders, partners, members, directors, officers, managers, employees, agents and representatives (collectively, "**Seller Indemnified Parties**") from and against any and all Liabilities suffered or incurred by any Seller Indemnified Party, whether or not relating to Third Party Claims or incurred in the defense of any of the same or in asserting, preserving or enforcing any of their respective rights hereunder, arising from, based upon, related to or associated with:

- (a) any breach by Buyer of any of its representations or warranties contained in Article V and/or the Buyer's Certificate;
- (b) any breach by Buyer of any of its covenants or agreements under this Agreement; or
- (c) the Assumed Obligations.

13.4 Limitation on Liability.

(a) (i) Neither Party shall have any Liability for any indemnification under Sections 13.2 for any individual Liability unless the amount with respect to such Liability exceeds [***] (the "**De Minimis Threshold**"), and (ii) Seller shall have no Liability for any indemnification under Sections 13.2 until and unless the aggregate amount of all Liabilities for which Claim Notices are delivered by the claiming Party that exceed the De Minimis Threshold exceeds the Indemnity Deductible, after which point the indemnifying Party shall only be liable for such indemnification to the extent such Liabilities that exceed the De Minimis Threshold exceed the Indemnity Deductible; *provided that* the limitations on Seller's Liability in this Section 13.4(a) shall not apply to (w) Seller's Liability for Specified Liabilities or Excluded Liabilities, (x) Seller's Liability for breaches of its Fundamental Representations, the representations and warranties in Section 4.13 and the corresponding representations and warranties in Seller's Certificate and the Assignment, (y) Seller's Liability for breaches of any covenant to be performed at or following the Closing (including Liability for any payments to be made by Seller under Section 3.4 and Section 3.5) and (z) Seller's Liability under Section 13.2(c) for the Seller Taxes and the Excluded Assets.

(b) Notwithstanding anything to the contrary contained in this Agreement, Seller's aggregate Liabilities under this Agreement or otherwise shall not exceed [***] percent of the Purchase Price, reduced by any recoveries under the R&W Insurance Policy.

(c) The obligations set forth in Section 13.2 and Section 13.3 shall not apply to (i) any amount that was taken into account as an adjustment to the Purchase Price pursuant to the provisions hereof, (ii) except as otherwise provided in this Agreement, any Party's costs and expenses with respect to the negotiation and consummation of this Agreement and the purchase and sale of the Assets and (iii) any amount that would result in a double recovery.

(d) Each Party shall have a duty to use commercially reasonable efforts to mitigate any claim that such Party has or may bring for indemnification in connection with this Agreement or the transactions contemplated hereby.

(e) The Buyer Indemnified Parties shall use commercially reasonable efforts to seek recovery for Liability arising under Section 13.2 first, against the R&W Insurance Policy; provided, however, that subject to the limitations set forth in this Agreement, exhaustion of all such efforts by the Buyer Indemnified Parties shall not be a precondition to recovery of Liability by such Buyer Indemnified Parties in accordance with Section 13.2. To the extent that any indemnification claim pursuant to Section 13.2 (1) is not recoverable against the R&W Insurance Policy and arises from (A) any breach of, or any inaccuracy in, any Fundamental Representation or Excluded Liabilities or (B) Liability based on criminal matters or fraud, or (2) is excluded from

coverage under the R&W Insurance Policy, the Buyer Indemnified Parties may seek satisfaction of its Liability for indemnification by pursuing such claim directly against Seller subject to the limitations set forth in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, except as provided in the previous sentence, the sole and exclusive remedy of the Buyer Indemnified Parties in respect of any indemnified Claims under this Agreement which are recoverable under the R&W Insurance Policy shall be limited to recoveries under the R&W Insurance Policy.

13.5 Express Negligence. THE DEFENSE, INDEMNIFICATION, HOLD HARMLESS, RELEASE AND ASSUMED OBLIGATIONS PROVISIONS PROVIDED FOR IN THIS AGREEMENT SHALL BE APPLICABLE WHETHER OR NOT THE LIABILITIES IN QUESTION AROSE OR RESULTED SOLELY OR IN PART FROM THE GROSS, SOLE, ACTIVE, PASSIVE, CONCURRENT OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT OR VIOLATION OF LAW OF OR BY ANY INDEMNIFIED PARTY. BUYER AND SELLER ACKNOWLEDGE THAT THIS STATEMENT COMPLIES WITH THE EXPRESS NEGLIGENCE RULE AND IS “*CONSPICUOUS*.”

13.6 Exclusive Remedy.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Parties agree that, from and after Closing, Section 6.2, Section 10.1(c), Section 11.1(b), this Article XIII and Section 15.16, as applicable, contain the Parties’ exclusive remedies against each other with respect to this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby (whether in contract, tort or otherwise), including breaches of the representations, warranties, covenants and agreements of the Parties contained in this Agreement or in any Transaction Document. Except as specified in Section 6.2, Section 10.1(c), Section 11.1(b), this Article XIII, Section 15.16, effective as of Closing, the Parties on their own behalf and on behalf of the Buyer Indemnified Parties and Seller Indemnified Parties, respectively, hereby release, remise and forever discharge the Seller Indemnified Parties and Buyer Indemnified Parties, respectively, from any and all suits, legal or administrative proceedings, Liabilities or interest whatsoever, whether in contract, tort or otherwise, known or unknown, which Buyer or the Buyer Indemnified Parties or Seller or Seller Indemnified Parties might now or subsequently have, based on, relating to or arising out of this Agreement, the Transaction Documents, the transactions contemplated hereby and thereby, the ownership, use or operation of any of the Assets prior to, on or after Closing or the condition, quality, status or nature of any of the Assets prior to, on or after Closing, including rights to contribution under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, any similar Environmental Laws, breaches of statutory or implied warranties, nuisance or other tort actions, rights to punitive damages, common law rights of contribution and rights under insurance maintained by either Party or any of their Affiliates except as otherwise provided in Section 11.3.

13.7 Indemnification Procedures. All claims for indemnification under Section 10.1(c), Section 13.2 and Section 13.3 shall be asserted and resolved as follows:

(a) *In General.* For purposes of Section 10.1(c) and this Article XIII, the term “*Indemnifying Party*” when used in connection with particular Liabilities shall mean the Party having an obligation to indemnify any Seller Indemnified Party or Buyer Indemnified Party, as

applicable, with respect to such Liabilities pursuant to Section 10.1(c) or this Article XIII, and the term “**Indemnified Party**” when used in connection with particular Liabilities shall mean the Seller Indemnified Party or Buyer Indemnified Party, as applicable, having the right to be indemnified with respect to such Liabilities by Buyer or Seller, as applicable, pursuant to Section 10.1(c) or this Article XIII.

(b) *Claims Procedure.* To make claim for indemnification under Section 10.1(c), Section 13.2 or Section 13.3, an Indemnified Party shall notify the Indemnifying Party of its claim under this Section 13.7, including the specific details of and specific basis under this Agreement for its claim (the “**Claim Notice**”). In the event that the claim for indemnification is based upon a claim by a Third Party against the Indemnified Party (a “**Third Party Claim**”), the Indemnified Party shall provide its Claim Notice promptly after the Indemnified Party has actual knowledge of the Third Party Claim and shall enclose a copy of all papers (if any) served with respect to the Third Party Claim; provided that the failure of any Indemnified Party to give notice of a Third Party Claim as provided in this Section 13.7(b) shall not relieve the Indemnifying Party of its obligations under Section 10.1(c), Section 13.2 or Section 13.3 (as applicable) except to the extent such failure results in insufficient time being available to permit the Indemnifying Party to effectively defend against the Third Party Claim or otherwise materially prejudices the Indemnifying Party’s ability to defend against the Third Party Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant or agreement, the Indemnified Party shall provide its Claim Notice promptly after the Indemnified Party has actual knowledge of such inaccuracy or breach and shall specify the representation, warranty, covenant or agreement that was inaccurate or breached.

(c) *Third Party Claims.*

(i) In the case of a claim for indemnification based upon a Third Party Claim, the Indemnifying Party shall have thirty (30) days from its receipt of the Claim Notice relating thereto to notify the Indemnified Party whether it admits or denies its Liability to defend the Indemnified Party against such Third Party Claim at the sole cost and expense of the Indemnifying Party. The Indemnified Party is authorized, prior to and during such thirty (30) day period (or, if earlier, until the Indemnifying Party admits its Liability to defend the Indemnified Party against such Third Party Claim) to file any motion, answer or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnifying Party and that is not prejudicial to the Indemnifying Party.

(ii) If the Indemnifying Party admits its Liability to defend the Indemnified Party against a Third Party Claim, it shall have the right and obligation to diligently defend, at its sole cost and expense, the Indemnified Party against such Third Party Claim, and shall have full control of such defense and proceedings, including any compromise or settlement thereof. If requested by the Indemnifying Party, the Indemnified Party agrees to cooperate in contesting any Third Party Claim which the Indemnifying Party elects to contest. The Indemnified Party may participate in, but not control, at its own expense, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 13.7(c)(ii). An Indemnifying Party shall not, without the written consent of the Indemnified Party (such consent not to be unreasonably withheld, conditioned or delayed), (i) settle any Third Party Claim or consent to the entry of any judgment with respect thereto which does not include an unconditional

written release of the Indemnified Party from all Liability in respect of such Third Party Claim or (ii) settle any Third Party Claim or consent to the entry of any judgment with respect thereto in any manner that may materially and adversely affect the Indemnified Party (other than as a result of money damages covered by the indemnity hereunder).

(iii) If the Indemnifying Party does not admit its Liability against a Third Party Claim or admits its Liability to defend the Indemnified Party against a Third Party Claim, but fails to diligently prosecute, indemnify against or settle the Third Party Claim, then the Indemnified Party shall have the right to defend against and settle the Third Party Claim at the sole cost and expense of the Indemnifying Party (if the Indemnifying Party is determined to have indemnification Liability with respect to such matter), with counsel of the Indemnified Party's choosing, subject to the right of the Indemnifying Party to admit its Liability and assume the defense of the Third Party Claim at any time prior to settlement or final determination thereof. If the Indemnifying Party has not yet admitted its Liability to defend the Indemnified Party against a Third Party Claim, the Indemnified Party shall send written notice to the Indemnifying Party of any proposed settlement and the Indemnifying Party shall have the option for ten (10) days following receipt of such notice to (1) admit in writing its Liability to indemnify the Indemnified Party from and against the Liability and if Liability is so admitted, either (A) consent to such settlement or (B) reject, in its reasonable judgment, the proposed settlement, or (2) deny Liability. Any failure by the Indemnifying Party to respond to such notice shall be deemed to be an election under subsection (2) above.

(iv) To the extent the provisions of this Section 13.7 are inconsistent with Section 15.2(f), Section 15.2(f) shall control.

(d) *Direct Claims.* In the case of a claim for indemnification not based upon a Third Party Claim, the Indemnifying Party shall have thirty (30) days from its receipt of the Claim Notice to (i) cure the Liabilities complained of, (ii) admit its Liability for such Liability or (iii) dispute the claim for such Liabilities. If the Indemnifying Party does not notify the Indemnified Party within such thirty (30) day period that it has cured the Liabilities or that it disputes the claim for such Liabilities, the Indemnifying Party shall conclusively be deemed to have denied Liability with respect to such matter, provided, however, that the failure to provide such written notice shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been materially prejudiced as a result of such failure. If the Indemnifying Party does not admit or otherwise does deny its Liability against a claim for indemnification not based upon a Third Party Claim within the 30-day time period set forth in this Section 13.7(d), then the Indemnified Party shall diligently and in good faith pursue its rights and remedies under this Agreement with respect to such claim for indemnification or withdraw such claim.

13.8 Survival.

(a) *Seller's Representations and Warranties.*

(i) Except as set forth in Section 13.8(a)(ii) or Section 13.8(c), Seller's representations and warranties in Article IV, the corresponding representations and warranties in the Seller's Certificate and the corresponding indemnity obligations of Seller under Section 13.2(a)

with respect to all such representations and warranties, shall expire and terminate at 5:00 p.m. Central time on the date that is [***] months after the Closing Date.

(ii) Seller's Fundamental Representations, the corresponding representations and warranties in the Seller's Certificate and the corresponding indemnity obligations of Seller under Section 13.2(a) with respect to Seller's Fundamental Representations, shall expire and terminate at 5:00 p.m. Central time on the date that is [***] months after the Closing Date.

(b) *Seller's Covenants.* Each of the covenants and performance obligations of Seller set forth in this Agreement that are to be complied with or performed by Seller at or prior to Closing (other than Section 15.2) and the corresponding indemnity obligations of Seller under Section 13.2(b) with respect to such covenants and obligations, shall expire and terminate at 5:00 p.m. Central time on the date that is [***] months after the Closing Date. All other covenants and performance obligations (other than Section 15.2) of Seller set forth in this Agreement and the corresponding indemnity obligations of Seller under Section 13.2(b) with respect to such covenants and obligations shall survive the Closing for the time period specified in the Agreement and, if not so specified, shall survive the Closing and remain in full force and effect until the later of (i) fully performed or (ii) [***] months after the Closing Date.

(c) *Specified Liabilities and Excluded Liabilities.* The indemnity obligations of Seller under Section 13.2(c) with respect to the Specified Liabilities shall expire and terminate at 5:00pm Central time on the date that is [***] months after the Closing Date. The indemnity obligations of Seller under Section 13.2(c) with respect to the Excluded Liabilities shall expire and terminate at 5:00 p.m. Central time on the date that is 30 days following the applicable statute of limitations for such Excluded Liabilities.

(d) *Buyer's Representations, Warranties, Covenants and Other Indemnities.* The representations, warranties, covenants and performance obligations of Buyer in this Agreement and Buyer's Certificate, and all covenants, assumptions and indemnities set forth in Section 13.2(b) shall survive the Closing and remain in full force and effect until [***] months after the Closing Date, except that the obligations of Buyer under this Agreement with respect to the Assumed Obligations shall not terminate until 5:00 p.m. Central time on the date that is 30 days following the applicable statute of limitations for such Assumed Obligations.

(e) *Survival After Claim.* Notwithstanding Section 13.8(a), Section 13.8(b) and Section 13.8(c), if a Claim Notice has been properly delivered under Section 13.7(b) before the date any representation, warranty, covenant, indemnity or performance obligation would otherwise expire under such Sections alleging a right to indemnification or defense for Liabilities arising out of, relating to or attributable to the breach of such representation, warranty, covenant, indemnity or performance obligation, such representation, warranty, covenant, indemnity or performance obligation shall continue to survive until the claims asserted in such Claim Notice that are based on the breach of such representation, warranty, covenant, indemnity or performance obligation have been fully and finally resolved under Section 13.7.

13.9 Waiver of Right to Rescission. Seller and Buyer acknowledge that, following Closing, the payment of money, as limited by the terms of this Agreement, shall be adequate compensation for breach of any representation, warranty, covenant or agreement contained herein or for any other claim arising in connection with or with respect to the transactions contemplated by this Agreement. As the payment of money shall be adequate compensation, following Closing, Buyer and Seller waive any right to rescind this Agreement or any of the transactions contemplated hereby.

13.10 Insurance. The amount of any Liabilities for which any of the Indemnified Parties is entitled to indemnification under this Agreement or in connection with or with respect to the transactions contemplated by this Agreement shall be reduced by any corresponding insurance proceeds from insurance policies carried by an Indemnified Party realized or that could reasonably be expected to be realized by such Indemnified Party if a claim were properly pursued under the relevant insurance arrangements.

13.11 NON-COMPENSATORY DAMAGES. NONE OF THE BUYER INDEMNIFIED PARTIES NOR SELLER INDEMNIFIED PARTIES SHALL BE ENTITLED TO RECOVER FROM SELLER OR BUYER, AS APPLICABLE, OR THEIR RESPECTIVE AFFILIATES, ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE, EXEMPLARY, REMOTE OR SPECULATIVE DAMAGES ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE SELLER'S CERTIFICATE, THE BUYER'S CERTIFICATE OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, EXCEPT TO THE EXTENT ANY SUCH PARTY SUFFERS SUCH DAMAGES TO A THIRD PARTY, WHICH DAMAGES (INCLUDING COSTS OF DEFENSE AND REASONABLE ATTORNEYS' FEES INCURRED IN CONNECTION WITH DEFENDING AGAINST SUCH DAMAGES) SHALL NOT BE EXCLUDED BY THIS PROVISION AS TO RECOVERY HEREUNDER. SUBJECT TO THE PRECEDING SENTENCE, BUYER, ON BEHALF OF EACH OF THE BUYER INDEMNIFIED PARTIES, AND SELLER, ON BEHALF OF EACH OF SELLER INDEMNIFIED PARTIES, EACH WAIVE ANY RIGHT TO RECOVER ANY SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE, EXEMPLARY, REMOTE OR SPECULATIVE DAMAGES ARISING IN CONNECTION WITH OR WITH RESPECT TO THIS AGREEMENT, THE SELLER'S CERTIFICATE, THE BUYER'S CERTIFICATE OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

13.12 Disclaimer of Application of Anti-Indemnity Statutes. The Parties acknowledge and agree that the provisions of any anti-indemnity statute relating to oilfield services and associated activities shall not be applicable to this Agreement, the Seller's Certificate, the Buyer's Certificate or the transactions contemplated hereby or thereby.

13.13 Treatment of Payments. Any payments made to any Buyer Indemnified Party or Seller Indemnified Party, as the case may be, pursuant to Article III or this Article XIII shall be treated as an adjustment to the Purchase Price for U.S. federal and applicable state and local income Tax purposes, unless otherwise required by applicable Law.

**ARTICLE XIV
TERMINATION, DEFAULT AND REMEDIES**

14.1 Right of Termination. This Agreement and the transactions contemplated herein may be terminated at any time prior to Closing (by written notice from the terminating Party to the other Party):

(a) by Seller, at Seller's option, if any of the conditions set forth in Article VIII have not been satisfied on or at any time after the Target Closing Date (or, with respect to those conditions that can only be satisfied at the Closing, are not capable of being satisfied on or at any time after the Target Closing Date) and, following written notice thereof from Seller to Buyer specifying the reason such condition is unsatisfied (including any breach by Buyer of this Agreement), such condition remains unsatisfied for a period of ten (10) Business Days after Buyer's receipt of written notice thereof from Seller;

(b) by Buyer, at Buyer's option, if any of the conditions set forth in Article VII have not been satisfied on or at any time after the Target Closing Date (or, with respect to those conditions that can only be satisfied at the Closing, are not capable of being satisfied on or at any time after the Target Closing Date) and, following written notice thereof from Buyer to Seller specifying the reason such condition is unsatisfied (including any breach by Seller of this Agreement), such condition remains unsatisfied for a period of ten (10) Business Days after Seller's receipt of written notice thereof from Buyer;

(c) by Seller or Buyer if Closing shall not have occurred on or before the date that is thirty (30) days following the Target Closing Date (the "**Outside Date**");

(d) by Seller or Buyer if consummation of the transactions contemplated hereby is enjoined, restrained or otherwise prohibited or otherwise made illegal by the terms of a final, non-appealable order; or

(e) by the mutual prior written consent of Seller and Buyer;

provided, however, that no Party shall have the right to terminate this Agreement pursuant to clause (a), (b) or (c) of this Section 14.1 if such Party is a Breaching Party at the time this Agreement would otherwise be terminated by such Breaching Party. Any such termination pursuant to the preceding sentence shall be without prejudice to the rights and remedies under Section 14.2.

14.2 Effect of Termination.

(a) If this Agreement is terminated pursuant to any provision of Section 14.1, then, this Agreement shall forthwith become void, and the Parties shall have no Liability or obligation hereunder; provided that the provisions of Section 10.1(c), Section 10.2, Section 10.3, Section 13.11, this Section 14.2, Section 14.3, Article I and Article XV (other than Section 15.2(b) through Section 15.2(g), Section 15.7, Section 15.8 and Section 15.16, which shall terminate) and such of the defined terms set forth in Annex I to give context to such Sections shall, in each case, survive such termination. Upon the termination of this Agreement, Seller shall be free immediately

to enjoy all rights of ownership of the Assets and to sell, transfer, encumber or otherwise dispose of the same to any Person without any restriction under this Agreement.

(b) If at the time this Agreement is terminated pursuant to Section 14.1 Buyer is a Breaching Party, then Seller shall be entitled to retain the Deposit to the extent that it is judicially determined that Buyer is a Breaching Party, as well as seek all rights and remedies available at Law or in equity for Buyer's Willful Breach.

(c) If at the time this Agreement is terminated pursuant to Section 14.1 Seller is a Breaching Party, then Buyer shall be entitled to seek all rights and remedies available at Law or in equity for Seller's Willful Breach.

(d) In the event that this Agreement is terminated under Section 14.1 and Seller is not entitled to retain the Deposit under Section 14.2(b), Seller shall within five (5) days return to Buyer the entirety of the Deposit (without interest).

If a Party resorts to legal proceedings to enforce this Agreement, the prevailing Party in such proceedings shall be entitled to recover all costs incurred by such Party from the Party that is in breach or default, including reasonable attorneys' fees, in addition to any other relief to which such Party may be entitled.

14.3 Return of Documentation and Confidentiality. Upon termination of this Agreement, Buyer shall return to Seller all original (and destroy all copies of) title and engineering data, environmental assessments and reports, maps and other information furnished by Seller to Buyer or prepared by or on behalf of Buyer in connection with its due diligence investigation of the Assets, in each case in accordance with the Confidentiality Agreement, and an officer of Buyer shall certify same to Seller in writing.

ARTICLE XV MISCELLANEOUS

15.1 Appendices, Exhibits and Schedules. All of the Annexes, Exhibits and Schedules referred to in this Agreement are hereby incorporated into this Agreement by reference and constitute a part of this Agreement. Each Party to this Agreement and its counsel has received a complete set of Annexes, Exhibits and Schedules prior to and as of the execution of this Agreement.

15.2 Expenses and Taxes.

(a) Transaction Expenses. Except as otherwise specifically provided in this Agreement, all fees, costs and expenses incurred by Buyer or Seller in negotiating this Agreement and the Transaction Documents or in consummating the transactions contemplated by this Agreement shall be paid by the Party incurring the same, including, legal and accounting fees, costs and expenses.

(b) Asset Tax Allocation.

(i) Seller shall be allocated and bear all Asset Taxes attributable to (1) any Tax period ending prior to the Effective Time and (2) the portion of any Straddle Period ending immediately prior to the Effective Time. Buyer shall be allocated and bear all Asset Taxes attributable to (A) any Tax period beginning at or after the Effective Time and (B) the portion of any Straddle Period beginning at the Effective Time.

(ii) For purposes of determining the allocations described in Section 15.2(b)(i) above, (1) Asset Taxes that are attributable to the severance or production of Hydrocarbons (other than such Asset Taxes described in clause (3), below) shall be allocated to the period in which the severance or production giving rise to such Asset Taxes occurred, (2) Asset Taxes that are based upon or related to sales or receipts or imposed on a transactional basis (other than such Asset Taxes described in clause (1) or (3)), shall be allocated to the period in which the transaction giving rise to such Asset Taxes occurred, and (3) Asset Taxes that are ad valorem, property or other Asset Taxes imposed on a periodic basis pertaining to a Straddle Period shall be allocated between the portion of such Straddle Period ending immediately prior to the Effective Time and the portion of such Straddle Period beginning at the Effective Time by prorating each such Asset Tax based on the number of days in the applicable Straddle Period that occur before the date on which the Effective Time occurs, on the one hand, and the number of days in such Straddle Period that occur on or after the date on which the Effective Time occurs, on the other hand. For purposes of clause (3) of the preceding sentence, the period for such Asset Taxes shall begin on the date on which ownership of the applicable Assets gives rise to Liability for the particular Asset Tax and shall end on the day before the next such date.

(iii) To the extent the actual amount of an Asset Tax is not known at the time an adjustment is to be made with respect to such Asset Tax pursuant to Section 3.2, Section 3.3 or Section 3.4, as applicable, the Parties shall utilize the most recent information available in estimating the amount of such Asset Tax for purposes of such adjustment. To the extent the actual amount of an Asset Tax (or the amount thereof paid or economically borne by a Party) is ultimately determined to be different than the amount (if any) that was taken into account in the Final Settlement Statement as finally determined pursuant to Section 3.4, timely payments will be made from one Party to the other to the extent necessary to cause each Party to bear the amount of such Asset Tax that is allocable to such Party under Section 15.2(b)(i).

(c) Certain Tax Returns and Payment Mechanics. After the Closing Date, Buyer shall (i) be responsible for paying any Asset Taxes relating to any Tax period that ends before or includes the Closing Date that become due and payable after the Closing Date and shall file with the appropriate Governmental Authority any and all Tax Returns required to be filed after the Closing Date with respect to such Asset Taxes, (ii) submit each such Tax Return to Seller for its review and comment reasonably in advance of the due date therefor, and (iii) timely file any such Tax Return, incorporating any comments received from Seller prior to the due date therefor. The Parties agree that (1) this Section 15.2(c) is intended to solely address the timing and manner in which certain Tax Returns relating to Asset Taxes are filed and the Asset Taxes shown thereon are paid to the applicable taxing authority, and (2) nothing in this Section 15.2(c) shall be interpreted as altering the manner in which Asset Taxes are allocated to and economically borne by the Parties (except for any penalties, interest or additions to Tax imposed as a result of any breach by Buyer of its obligations under this Section 15.2(c), which shall be borne by Buyer).

(d) Tax Refunds. Seller shall be entitled to any and all refunds of Asset Taxes allocated to Seller pursuant to Section 15.2(b), and Buyer shall be entitled to any and all refunds of Asset Taxes allocated to Buyer pursuant to Section 15.2(b). If a Party or its Affiliate receives a refund of Asset Taxes to which the other Party is entitled pursuant to this Section 15.2(d), such recipient Party shall forward to the entitled Party the amount of such refund within thirty (30) days after such refund is received, net of any reasonable costs or expenses incurred by such recipient Party in procuring such refund.

(e) Recording Fees and Transfer Taxes. All required documentary, filing and recording fees and expenses in connection with the filing and recording of the assignments, conveyances or other instruments required to convey title to the Assets to Buyer shall be borne solely by Buyer. All sales, use, transfer, stamp, documentary, registration or similar Taxes, if any, incurred or imposed with respect to the transactions described in this Agreement (collectively, “**Transfer Taxes**”) shall be borne by Buyer.

(f) Cooperation. The Parties shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes relating to the Assets. Such cooperation shall include the retention and (upon the other Party’s request) the provision of records and information that are relevant to any such Tax Return or audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided under this Agreement. The Parties agree to retain all books and records with respect to Tax matters pertinent to the Assets relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations of the respective taxable periods and to abide by all record retention agreements entered into with any Governmental Authority.

(g) Tax Contests. If, after the Closing Date, Buyer receives notice of an audit or administrative or judicial proceeding with respect to any Asset Tax or Tax Return with respect to Asset Taxes related to any taxable period ending prior to the Effective Time (a “**Tax Contest**”), Buyer shall notify Seller within ten (10) days of receipt of such notice. Seller shall have the option, at its sole cost and expense, to control any such Tax Contest and may exercise such option by providing written notice to Buyer within fifteen (15) days of receiving notice of such Tax Contest from Buyer; *provided* that if Seller exercises such option, Seller shall (i) keep Buyer reasonably informed of the progress of such Tax Contest, (ii) permit Buyer (or Buyer’s counsel) to participate, at Buyer’s sole cost and expense, in such Tax Contest, including in meetings with the applicable Governmental Authority, and (iii) not settle, compromise and/or concede any portion of such Tax Contest without the consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed. If, after the Closing Date, Buyer receives notice of an audit or administrative or judicial proceeding with respect to any Asset Tax or Tax Return with respect to Asset Taxes related to a Straddle Period (a “**Straddle Period Tax Contest**”), Buyer shall notify Seller within ten (10) days of receipt of such notice. Buyer shall control any Straddle Period Tax Contest; *provided* that Buyer shall (x) keep Seller reasonably informed of the progress of such Straddle Period Tax Contest, (y) permit Seller (or Seller’s counsel) to participate, at Seller’s sole cost and expense, in such Straddle Period Tax Contest, including in meetings with the applicable Governmental Authority and (z) not settle, compromise and/or concede any portion of such Straddle Period Tax Contest for which Seller would reasonably be expected to have an

indemnification obligation hereunder, or in connection with which Seller otherwise could be adversely affected, without the consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed.

15.3 Assignment. This Agreement may not be assigned by either Party without prior written consent of the other Party; provided, however, that Buyer may assign its rights and obligations under this Agreement (including by merger, consolidation, by operation of law or otherwise), in whole or from time to time in part, to one or more of its Affiliates, or any Person acquiring all, or substantially all, of the assets of Buyer; provided that no such transfer or assignment will release Buyer of its obligations hereunder or enlarge, alter or change any obligation of Seller to Buyer. Notwithstanding anything herein to the contrary, on or prior to the Closing Date, Buyer may assign its rights and obligations under this Agreement to one or more of its subsidiaries with notice to Seller but such assignment will not relieve the Buyer of its obligations and liabilities hereunder arising prior to such assignment. In the event the non-assigning Party consents to any such assignment, such assignment shall not relieve the assigning Party of any obligations and responsibilities hereunder, including obligations and responsibilities arising following such assignment. Any assignment or other transfer by Buyer or its successors and assigns of any of the Assets shall not relieve Buyer or its successors or assigns of any of their obligations (including indemnity obligations) hereunder, as to the Assets so assigned or transferred.

15.4 Preparation of Agreement. Seller and Buyer and their respective counsel participated in the preparation of this Agreement. In the event of any ambiguity in this Agreement, no presumption shall arise based on the identity of the draftsman of this Agreement.

15.5 Publicity. Except as required by Law or any nationally recognized securities exchange, the Parties shall not issue or make any press release or other public or private announcement concerning this Agreement (or otherwise disclose the terms of this Agreement) without the prior written consent of the other Party, which consent shall not be unreasonably withheld. At least 24 hours prior to issuing or making any press release or other public or private announcement concerning this Agreement (or otherwise disclosing the terms of this Agreement), in each case, in accordance with this Section 15.5, such Party shall provide the other Party with such release, announce or disclosure and shall incorporate any reasonable comments requested by the other Party into such release, announcement or disclosure.

15.6 Notices. All notices and communications required or permitted to be given hereunder shall be in writing and shall be delivered personally, or sent by overnight courier or mailed by United States Mail with all postage fully prepaid, or sent by electronic mail ("**Email**") transmission (provided that a receipt of such Email is requested and received), addressed to the appropriate Party at the address for such Party shown below or at such other address as such Party shall have theretofore designated by written notice delivered to the Party giving such notice:

If to Seller:

Exaro Energy III LLC
5773 Woodway Drive, No. 465
Houston, Texas 77057
Attention: John Atwood
Tel.: (713) 203-1525
Email: j.atwood@exaroenergy.net

With a copy to:

Doherty & Doherty LLP
1717 St. James Place Suite 520
Houston, Texas 77056
Attention: Casey W. Doherty, Sr.
Tel.: (713) 572-1165
Email: Casey@Doherty-law.com

If to Buyer:

Evolution Petroleum Corporation
1155 Dairy Ashford St., Suite 425
Houston, Texas 77079 Attention: Jason Brown
Tel.: (713) 935-0122
Email: jbrown@evolutionpetroleum.com

With a copy to (which shall not constitute notice to Buyer):

Greathouse Holloway McFadden Trachtenberg PLLC
4200 Montrose Blvd, Ste. 300
Houston, Texas 77006 Attention: Barry E. McFadden
Tel.: (713) 688-6789
Email: barry@greatlaw.com

Any notice given in accordance herewith shall be deemed to have been given only when delivered to the addressee in person, or by courier, or transmitted by Email transmission during normal business hours on a Business Day (or if delivered or transmitted after normal business hours on a Business Day or on a day other than a Business Day, then on the next Business Day), or upon actual receipt by the addressee during normal business hours on a Business Day after such notice has either been delivered to an overnight courier or deposited in the United States Mail, as the case may be (or if delivered after normal business hours on a Business Day or on a day other than a Business Day, then on the next Business Day). The Parties may change the address and the Email address to which such communications are to be addressed by giving written notice to the other Parties in the manner provided in this Section 15.6.

15.7 Further Cooperation. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at any Party's request and without further consideration, the other Party shall take such other actions as such requesting Party may reasonably request, at such requesting Party's expense, in order to effectuate the transactions contemplated by this Agreement.

15.8 Filings, Notices and Certain Governmental Approvals. Promptly after Closing, Buyer shall (a) record all assignments executed at Closing in the records of the applicable Governmental Authority, (b) if applicable, send notices to vendors supplying goods and services for the Assets and to the operator of such Assets of the assignment of such Assets to Buyer, (c) actively pursue the approval of all applicable Governmental Authorities of the assignment of the Assets to Buyer and (d) actively pursue all other consents and approvals customarily obtained by buyers after closing that may be required in connection with the assignment of the Assets to Buyer and the assumption of the Liabilities assumed by Buyer hereunder, in each case, that shall not have been obtained prior to Closing. Buyer obligates itself to take any and all action required by any Governmental Authority in order to obtain such unconditional approval, including the posting of any and all bonds or other security that may be required in excess of its existing lease, pipeline or area-wide bond.

15.9 Entire Agreement; Conflicts. THIS AGREEMENT, THE ANNEXES, EXHIBITS AND SCHEDULES HERETO, THE CONFIDENTIALITY AGREEMENT AND THE TRANSACTION DOCUMENTS COLLECTIVELY CONSTITUTE THE ENTIRE AGREEMENT BETWEEN THE PARTIES PERTAINING TO THE SUBJECT MATTER HEREOF AND SUPERSEDE ALL PRIOR AGREEMENTS, UNDERSTANDINGS, NEGOTIATIONS AND DISCUSSIONS, WHETHER ORAL OR WRITTEN, OF THE PARTIES PERTAINING TO THE SUBJECT MATTER HEREOF. THERE ARE NO WARRANTIES, REPRESENTATIONS OR OTHER AGREEMENTS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE ASSIGNMENT, THE SELLER'S CERTIFICATE OR THE BUYER'S CERTIFICATE, AND NEITHER SELLER NOR BUYER SHALL BE BOUND BY OR LIABLE FOR ANY ALLEGED REPRESENTATION, PROMISE, INDUCEMENT OR STATEMENTS OF INTENTION NOT SO SET FORTH. IN THE EVENT OF A CONFLICT BETWEEN THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE TERMS AND PROVISIONS OF ANY SCHEDULE OR EXHIBIT HERETO, THE TERMS AND PROVISIONS OF THIS AGREEMENT SHALL GOVERN AND CONTROL; PROVIDED, HOWEVER, THAT THE INCLUSION IN ANY OF THE SCHEDULES AND EXHIBITS HERETO OF TERMS AND PROVISIONS NOT ADDRESSED IN THIS AGREEMENT SHALL NOT BE DEEMED A CONFLICT, AND ALL SUCH ADDITIONAL PROVISIONS SHALL BE GIVEN FULL FORCE AND EFFECT, SUBJECT TO THE PROVISIONS OF THIS SECTION 15.9.

15.10 Parties in Interest. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and permitted assigns. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties or their successors and permitted assigns, or the Parties' respective related Indemnified Parties hereunder any rights, remedies, obligations or Liabilities under or by reason of this Agreement; provided that only a Party and its successors and assigns will have the right to enforce the

provisions of this Agreement on its own behalf or on behalf of any of its related Indemnified Parties (but shall not be obligated to do so).

15.11 Amendment. This Agreement may be amended only by an instrument in writing executed by both Parties.

15.12 Waiver; Rights Cumulative. Any of the terms, covenants, representations, warranties or conditions hereof may be waived only by a written instrument executed by or on behalf of the Party waiving compliance. No course of dealing on the part of Seller or Buyer or their respective officers, employees, agents or representatives and no failure by Seller or Buyer to exercise any of its rights under this Agreement shall, in each case, operate as a waiver thereof or affect in any way the right of such Party at a later time to enforce the performance of such provision. No waiver by any Party of any condition, or any breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of any breach of any other term, covenant, representation or warranty. The rights of Seller and Buyer under this Agreement shall be cumulative, and the exercise or partial exercise of any such right shall not preclude the exercise of any other right.

15.13 Governing Law; Jurisdiction.

(a) This Agreement and any claim, controversy or dispute arising under or related to this Agreement or the transactions contemplated hereby or the rights, duties and relationship of the parties hereto and thereto, shall be governed by and construed and enforced in accordance with the Laws of the State of Texas (except that, with respect to issues relating to real property for Assets located in a specific State, the laws of such State shall govern), excluding any conflicts of Law, rule or principle that might refer construction of provisions to the Laws of another jurisdiction.

(b) The Parties agree that the appropriate, exclusive and convenient forum for any disputes between any of the Parties arising out of or relating to this Agreement, the Transaction Documents or the transactions contemplated hereby or thereby shall be in any state or federal court in Houston, Texas and each of the Parties irrevocably submits to the jurisdiction of such courts solely in respect of any proceeding arising out of or related to this Agreement. The Parties further agree that the Parties shall not bring suit with respect to any disputes arising out of this Agreement, the Transaction Documents or the transactions contemplated hereby in any court or jurisdiction other than the above specified courts. The Parties further agree, to the extent permitted by Law, that a final and nonappealable judgment against a Party in any action or proceeding contemplated above shall be conclusive and may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and amount of such judgment.

(c) To the extent that any Party or any of its Affiliates has acquired, or hereafter may acquire, any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, such Party (on its own behalf and on behalf of its Affiliates) hereby irrevocably (i) waives such immunity in respect of its obligations with respect

to this Agreement and (ii) submits to the personal jurisdiction of any court described in Section 15.13(b).

(d) THE PARTIES AGREE THAT THEY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

15.14 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

15.15 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts shall constitute for all purposes one agreement. Any signature hereto delivered by a Party by electronic transmission shall be deemed an original signature hereto.

15.16 Specific Performance. Each Party hereby acknowledges and agrees that the rights of each Party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, if any Party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching Party may be without an adequate remedy at Law. If any Party violates or fails or refuses to perform any covenant or agreement made by such Party herein, the non-breaching Party, subject to the terms hereof and in addition to any remedy at Law for damages or other relief permitted under this Agreement, may (at any time prior to the valid termination of this Agreement pursuant to Article XIV) institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other equitable relief, without the necessity of proving actual damages. Notwithstanding anything herein to the contrary, in the event that Closing does not occur in accordance with Section 9.1, and Buyer is obligated under the terms of this Agreement to close, or Seller has not terminated this Agreement after Buyer has an uncured breach of its obligations hereunder in any material respect, the Deposit will be retained by Seller as its sole and exclusive remedy and as liquidated damages and not as a penalty and this Agreement will terminate.

15.17 Affiliate Liability. Each of the following is herein referred to as a “*Seller Affiliate*”:
(a) any direct or indirect holder of equity interests or securities in Seller (whether limited or general partners, members, stockholders or otherwise), (b) any director, officer, manager, employee, representative or agent of (i) Seller or (ii) any Person who is listed in subpart (a) or who controls Seller, all prior to the Execution Date, (c) any portfolio company of any Person described in subpart (a) or (b) (other than Seller or any Person controlled by Seller), or (d) any asset manager or operator of any of the Assets and any director, officer, manager, employee, representative or agent thereof. Except for the indemnification obligations set forth in (and as limited by) Article XIII, no Seller

Affiliate shall have any liability or obligation to Buyer or any Buyer Indemnified Party of any nature whatsoever in connection with or under this Agreement or any of the Transaction Documents or the transactions contemplated hereby or thereby, and Buyer, for itself and on behalf of the Buyer Indemnified Parties, hereby waives and releases all claims of any such liability and obligation. This Agreement may only be enforced against, and any dispute, controversy, matter or claim based on, related to, or arising out of this Agreement, or the negotiation, performance, or consummation of this Agreement, may only be brought against, the entities that are expressly named as Parties, and then only with respect to the specific obligations set forth herein with respect to such Party. Each Seller Affiliate is expressly intended as a third-party beneficiary of this Section 15.17.

Signature Page Follows

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement as of the date first written above.

SELLER:

Exaro Energy III LLC

By: /s/ John P. Atwood
Name: John P. Atwood
Title: Senior Vice President

BUYER:

Evolution Petroleum Corporation

By: /s/ Jason Brown
Name: Jason Brown
Title: President & Chief Executive Officer

ANNEX I

DEFINED TERMS

“*AAA*” shall have the meaning set forth in Section 3.5.

“*Accounting Arbitrator*” shall have the meaning set forth in Section 3.5.

“*Adjusted Purchase Price*” shall have the meaning set forth in Section 3.1(a).

“*AFEs*” shall have the meaning set forth in Section 4.12.

“*Affiliate*” shall mean any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, another Person. The term “*control*” and its derivatives with respect to any Person mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, “*Affiliates*”, when used with respect to any Seller, shall only include the direct and indirect subsidiaries of Seller and shall not include any Seller Affiliates.

“*Aggregate Benefit Deductible*” shall mean [***] percent of the Purchase Price.

“*Aggregate Defect Deductible*” shall mean [***] percent of the Purchase Price.

“*Agreement*” shall have the meaning set forth in the introductory paragraph herein.

“*Allocated Values*” shall have the meaning set forth in Section 3.6.

“*Allocation*” shall have the meaning set forth in Section 3.7.

“*Applicable Contracts*” shall mean all Contracts to which Seller is a party or are bound relating to any of the Assets and (in each case) that will be binding on Buyer after Closing, including: communitization agreements; area of mutual interest agreements; joint venture agreements; confidentiality agreements; farmin and farmout agreements; bottom hole agreements; crude oil, condensate and natural gas purchase and sale, gathering, transportation and marketing agreements; hydrocarbon storage agreements; acreage contribution agreements; operating agreements; balancing agreements; pooling declarations or agreements; unitization agreements; processing agreements; saltwater disposal agreements; facilities or equipment leases; exploration agreements; participation agreements; exchange agreements; and other similar contracts and agreements, and any and all amendments, ratifications or extensions of the foregoing, including (i) any claims for take or pay or other similar payments arising before or after the Effective Time to the extent related to production of Hydrocarbons on or after the Effective Time and (ii) all rights of Seller and its Affiliates that are currently serving as operator under any joint operating agreement to serve as operator under such joint operating agreement (iii) to the extent not covered in (i) – (ii), any and all contracts, agreements and instruments by which the Assets are bound, or that relate to or are otherwise applicable to the Assets, insofar as such contracts are valid and existing and applicable to the Assets, or the Hydrocarbons produced from the Assets or attributable to the Assets in storage owned by Seller above custody transfer point at the Effective Time or

produced on and after the Effective Time, and all proceeds attributable thereto, but exclusive of any Contracts relating to the Excluded Assets.

“Asset Credit Support” shall mean any bonds, letters of credit and guarantees, if any, posted or reasonably anticipated by Seller or any of its respective Affiliates with Governmental Authorities or other Third Parties and relating to the Assets.

“Asset Taxes” shall mean ad valorem, property, excise, severance, production, sales, use and similar Taxes based upon the acquisition, ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom (excluding, for the avoidance of doubt, any Income Taxes and Transfer Taxes).

“Assets” shall have the meaning set forth in Section 2.1.

“Assignment” shall mean the Assignment, Bill of Sale and Conveyance from Seller to Buyer, pertaining to the Assets, in the form attached to this Agreement as Exhibit F. Except for the special warranty of Defensible Title by, through and under Seller and its Affiliates contained therein, the Assignment shall be without warranty of title, whether express, implied, statutory, or otherwise, it being understood that the rights and remedies set forth in Article XI shall be Buyer’s sole rights and remedies with respect to title.

“Assumed Obligations” shall have the meaning set forth in Section 13.1.

“Breaching Party” means a Party (a **“Subject Party”**) who, at the time in question, is in Willful Breach, if (but only if), at such time in question, all conditions precedent to the obligations of the Subject Party to Close as set forth in Article VII or Article VIII, as applicable, (a) have been satisfied (or waived in writing by the Subject Party) other than those conditions that can only be satisfied at the Closing, but subject to the other Party being ready, willing and able to satisfy such conditions at such time in question or (b) would have been fulfilled or satisfied except solely due to the Willful Breach by the Subject Party.

“Burden” shall mean any and all Royalties (including lessor’s royalty), overriding royalties, production payments, net profits interests and other burdens upon, measured by or payable out of production (excluding, for the avoidance of doubt, any Taxes).

“Business Day” shall mean a day (other than a Saturday or Sunday) on which commercial banks in Houston, Texas are generally open for business.

“Buyer” shall have the meaning set forth in the introductory paragraph herein.

“Buyer Indemnified Parties” shall have the meaning set forth in Section 13.2.

“Buyer’s Certificate” shall have the meaning set forth in Section 9.3(h).

“Buyer’s Representatives” shall have the meaning set forth in Section (a).

“Casualty Loss” shall have the meaning set forth in Section 11.3(b).

“**Claim Notice**” shall have the meaning set forth in Section 13.7(b).

“**Closing**” shall have the meaning set forth in Section 9.1.

“**Closing Date**” shall have the meaning set forth in Section 9.1.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Confidentiality Agreement**” shall mean that certain Confidentiality Agreement dated October 6, 2021 by and between Seller and Buyer.

“**Consent**” shall have the meaning set forth in Section 4.4.

“**Contract**” shall mean any written contract, agreement or any other legally binding arrangement, but excluding, however, any Lease, Surface Right or other instrument creating or evidencing an interest in the Assets or any real or immovable property related to or used in connection with the operations of any Assets; provided, however, that Contract shall specifically exclude any expired or terminated Contract.

“**Cure Period**” shall have the meaning set forth in Section 11.2(c).

“**Customary Post-Closing Consents**” shall mean the consents and approvals from Governmental Authorities for the assignment of the Assets to Buyer that are customarily obtained after the assignment of properties similar to the Assets.

“**Decommission**” shall mean all dismantling and decommissioning activities and obligations as are required by Law, any Governmental Authority, Lease or other agreement including all well plugging, replugging and abandonment, facility dismantlement and removal, pipeline and flowline removal, dismantlement and removal of all other property of any kind related to or associated with operations or activities and associated site clearance, site restoration and site remediation.

“**Defensible Title**” shall mean such title of Seller as of the Effective Time and the Title Claim Date:

(a) with respect to each Well described on Exhibit B, as applicable, entitles Seller to receive not less than the Net Revenue Interest set forth on Exhibit B, from each Subject Depth of such Well, as applicable, except for (i) decreases in connection with those operations in which Seller or its successors or assigns may from and after the Execution Date elect to be a non-consenting co-owner, (ii) decreases resulting from the establishment or amendment from and after the Execution Date of pools or units, (iii) decreases required to allow other Working Interest owners to make up past underproduction or pipelines to make up past under deliveries and (iv) as otherwise set forth on Exhibit B;

(b) with respect to each Well described on Exhibit B, obligates Seller to bear not more than the Working Interest set forth on Exhibit B, from each Subject Depth of such Well, as applicable, except (i) increases resulting from contribution requirements arising after the Execution Date with respect to defaulting co-owners under applicable agreements, and (ii)

increases to the extent that such increases are accompanied by a proportionate or greater increase in Seller's Net Revenue Interest and (iii) as otherwise set forth on Exhibit B;

(c) is free and clear of all Encumbrances, except for Permitted Encumbrances; and

(d) except for Permitted Encumbrances, is free from reasonable doubt to the end that a prudent person engaged in the business of purchasing and owning, developing, and operating producing or non-producing oil and gas properties in the geographical areas in which they are located, with knowledge of all of the facts and their legal bearing, would be willing to accept the same acting reasonably.

"De Minimis Threshold" shall have the meaning set forth in Section 13.4(a).

"Deposit" shall have the meaning set forth in Section 3.1(b).

"Dispute Notice" shall mean a written notice of dispute delivered by Buyer pursuant to Section 3.4(a) or Seller pursuant to Section 3.6.

"Disputed Title Matters" shall have the meaning set forth in Section 11.2(j).

"Effective Time" shall mean 12:01 a.m. (Central Time) on February 1, 2022.

"Email" shall have the meaning set forth in Section 15.6.

"Encumbrance" shall mean any lien, mortgage, security interest, pledge, charge, or similar encumbrance.

"Environmental Arbitrator" shall have the meaning set forth in Section 12.1(f).

"Environmental Claim Date" shall have the meaning set forth in Section 12.1(a).

"Environmental Defect" shall mean (a) a condition existing on the Execution Date with respect to the air, soil, subsurface, surface waters, ground waters and sediments that causes an Asset (or Seller with respect to an Asset) not to be in compliance with all Environmental Laws or (b) the existence as of the Execution Date with respect to the Assets or the operation thereof of any environmental pollution, contamination or degradation where remedial or corrective action is presently required (or if known, would be presently required) under Environmental Laws; *provided, however*, that any plugging and abandonment obligations shall not constitute an Environmental Defect.

"Environmental Defect Notice" shall have the meaning set forth in Section 12.1(a).

"Environmental Laws" shall mean all Laws in effect as of the Execution Date relating to the prevention of pollution, protection of the environment (including natural resources), remediation of contamination or restoration of environmental quality, including those Laws relating to the generation, processing, treatment, storage, transportation, disposal or other management of chemicals and other Hazardous Substances. The term ***"Environmental Laws"***

does not include (a) good or desirable operating practices or standards that may be employed or adopted by other oil and gas well operators or recommended by a Governmental Authority that are not mandatory under Environmental Laws, or (b) the Occupational Safety and Health Act or any other Law governing worker safety or workplace conditions.

“Excluded Assets” shall mean (a) except to the extent relating to the Assets, all of Seller’s minute books and financial records and other business records that relate to Seller’s business generally; (b) all trade credits, all accounts, all receivables and all other proceeds, income or revenues attributable to the Assets with respect to any period of time prior to the Effective Time; (c) to the extent that they do not relate to the Assumed Obligations for which Buyer is providing indemnification hereunder, all claims and causes of action of Seller arising under or with respect to any Contracts that are attributable to periods of time prior to the Effective Time (including claims for adjustments or refunds); (d) subject to Section 11.3, all rights and interests of Seller (i) under any policy or agreement of insurance or indemnity, (ii) under any bond or (iii) to any insurance or condemnation proceeds or awards arising, in each case, from acts, omissions or events or damage to or destruction of property; (e) all Hydrocarbons produced and sold from Seller’s interest in the Assets with respect to all periods prior to the Effective Time; (f) any and all claims of Seller or its Affiliates for refunds of, credits attributable to, loss carryforwards with respect to, or similar Tax assets relating to (i) Asset Taxes attributable to any period (or portion of any Straddle Period) ending prior to the Effective Time, (ii) Income Taxes, (iii) any Taxes attributable to the Excluded Assets, and (iv) any other Taxes relating to the ownership or operation of the Assets that are attributable to any Tax period (or portion of any Straddle Period) ending prior to the Effective Time; (g) all personal computers and associated peripherals and all radio and telephone equipment, other than the SCADA Equipment, but including any software or programs used in connection with the SCADA Equipment; (h) all of Seller’s proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property; (i) all documents and instruments of Seller that may be protected by an attorney-client privilege or any attorney work product doctrine (other than title opinions); (j) all data, information and agreements that cannot be assigned or disclosed to Buyer as a result of confidentiality arrangements under agreements with Third Parties; (k) all audit rights arising under any of the Applicable Contracts or otherwise with respect to any period prior to the Effective Time or to any of the Excluded Assets, except for any Imbalances assumed by Buyer; (l) all geological, geophysical and other seismic and related technical data and information relating to the Assets which Seller may not disclose, assign or transfer under its existing agreements and licenses without making any additional payments (unless Buyer reimburses Seller for such amounts), or incurring any material Liabilities; (m) documents prepared or received by Seller or its Affiliates with respect to (i) lists of prospective purchasers for such transactions compiled by Seller, (ii) bids submitted by other prospective purchasers of the Assets, (iii) analyses by Seller or its Affiliates of any bids submitted by any prospective purchaser, (iv) correspondence between or among Seller or any of its representatives, and any prospective purchaser other than Buyer and (v) correspondence between Seller or any of its representatives with respect to any of the bids, the prospective purchasers or the transactions contemplated by this Agreement; (n) any offices, office leases and any personal property located in or on such offices or office leases; (o) any other assets, properties or items specifically listed on Exhibit E or Schedule 2.1(d) or Schedule 2.1(e); (p) any Hedge Contracts; (q) any debt instruments; (r) any Contracts between Seller and any Seller Affiliates; and (s) any assets that are finally excluded from the transactions contemplated hereby pursuant to Section 11.4(a), Section 11.5(b) or Section 12.1(c)(i), or any other provision of this Agreement.

“**Excluded Liabilities**” means, with respect to Seller, any Liabilities arising out of any of the following:

- (a) Attributable to or arising out of the Excluded Assets;
- (b) All indebtedness for borrowed money of Seller;
- (c) Seller Taxes imposed on or with respect to the ownership or operation of the Assets or the production of Hydrocarbons or the receipt of proceeds therefrom that are attributable to any tax period or portion thereof ending before the Effective Time;
- (d) all Encumbrances on the Assets except for Permitted Encumbrances;
- (e) Specified Liabilities for the [***] months following the Closing Date, provided that all Specified Liabilities shall cease to be Excluded Liabilities and shall become Assumed Obligations upon the expiration of [***] months following the Closing Date.

“**Execution Date**” shall have the meaning set forth in the introductory paragraph herein.

“**Final Price**” shall have the meaning set forth in Section 3.4(a).

“**Final Settlement Statement**” shall have the meaning set forth in Section 3.4(a).

“**Fundamental Representations**” shall mean the representations and warranties in Section 4.1, Section 4.2, Section 4.3(a), Section 4.5 and Section 4.14.

“**GAAP**” shall mean United States generally accepted accounting principles as in effect on the Execution Date.

“**Governmental Authority**” shall mean any federal, state, local, municipal, tribal or other government; any governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power, and any court or governmental tribunal, including any tribal authority having or asserting jurisdiction.

“**Hard Consent**” shall have the meaning set forth in Section 11.4(a).

“**Hazardous Substances**” shall mean any pollutants, contaminants, toxins, materials, wastes, constituents, compounds or chemicals, classified as “hazardous wastes,” “hazardous substances,” “extremely hazardous substances,” “toxic,” or words of similar import pursuant to any Environmental Law, and shall also include petroleum, waste oil or petroleum constituents or by-products.

“**Hedge Contract**” shall mean any Contract to which Seller is a party with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, “over-the-counter” or otherwise, involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing

indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

“Hydrocarbons” shall mean oil and gas and other hydrocarbons produced or processed in association therewith.

“Imbalance Amount” shall mean (A) with respect to gaseous Hydrocarbons (excluding natural gas liquids), the imbalance set forth in the end of month pipeline imbalance report from Enterprise for the month of January 2022 (provided that such report is consistent with the methodology set forth in the report dated January 25, 2022 delivered by Seller to Buyer), (B) with respect to liquid Hydrocarbon (excluding natural gas liquids), zero (0) and (C) with respect to natural gas liquids, zero (0).

“Imbalances” shall mean (a) any imbalance at the wellhead between the amount of Hydrocarbons produced from a Well and allocable to the interests of Seller therein and the shares of production from the relevant Well to which Seller is entitled, together with any appurtenant rights and obligations concerning future in kind or cash balancing at the wellhead, and (b) any marketing imbalance between the quantity of Hydrocarbons attributable to the Assets required to be delivered by Seller under any Contract relating to the purchase and sale, gathering, transportation, storage, processing (including any production handling and processing at a separation facility) or marketing of Hydrocarbons and the quantity of Hydrocarbons attributable to the Assets actually delivered by Seller pursuant to the relevant Contract, together with any appurtenant rights and obligations concerning production balancing at the delivery point into the relevant sale, transportation, storage or processing facility.

“Income Taxes” shall mean (i) all Taxes based upon, measured by, or calculated with respect to gross or net income, gross or net receipts or profits (including franchise Taxes and any capital gains, alternative minimum, and net worth Taxes, but excluding ad valorem, property, excise, severance, production, sales, use, real or personal property transfer or other similar Taxes), (ii) Taxes based upon, measured by, or calculated with respect to multiple bases (including corporate franchise, doing business or occupation Taxes) if one or more of the bases upon which such Tax may be based, measured by, or calculated with respect to is included in clause (i) above, or (iii) withholding Taxes measured with reference to or as a substitute for any Tax included in clauses (i) or (ii) above.

“Indemnified Party” shall have the meaning set forth in Section 13.7(a).

“Indemnifying Party” shall have the meaning set forth in Section 13.7(a).

“Indemnity Deductible” shall mean [***] percent of the Purchase Price.

“Individual Environmental Defect Threshold” shall have the meaning set forth in Section 12.1(e).

“Individual Title Benefit Threshold” shall have the meaning set forth in Section 11.2(i).

“Individual Title Defect Threshold” shall have the meaning set forth in Section 11.2(i).

“Interim Period” shall mean that period of time commencing with the Effective Time and ending at 7:00 a.m. (Central Time) on the Closing Date.

“Knowledge” shall mean with respect to Seller, the actual knowledge (with such reasonable investigation as might be expected from a prudent non-operator) of the individuals listed on Schedule I-1 and with respect to Buyer, the actual knowledge of the individuals listed on Schedule I-2.

“Lands” shall have the meaning set forth in Section 2.1(a).

“Law” shall mean any applicable statute, law, rule, regulation, ordinance, order, code, ruling, writ, injunction, decree or other official act of or by any Governmental Authority.

“Leases” shall have the meaning set forth in Section 2.1(a).

“Liabilities” shall mean any and all claims, obligations, causes of action, payments, charges, demands, judgments, assessments, liabilities, losses, damages, penalties, fines and costs and expenses, including any attorneys’ fees, legal or other expenses incurred in connection therewith.

“Lowest Cost Response” means the response required or allowed under Environmental Laws that addresses the identified Environmental Defect in the lowest cost manner (considered as a whole) to allow operations with respect to the Asset burdened by such Environmental Defect to continue materially the same as currently conducted that is consistent with applicable cleanup objectives under relevant Environmental Laws for properties of a similar nature, as compared to any other response that is required or allowed under Environmental Laws. The Lowest Cost Response shall include taking no action, leaving the condition unaddressed, periodic monitoring, or the recording of notices in lieu of Remediation, if such responses are allowed under Environmental Laws.

“Material Adverse Effect” shall mean an event or circumstance that, individually or in the aggregate on the ownership, operation, or value of the Assets as currently operated, results in or would reasonably likely result in a material adverse effect on the ownership or value of the Assets taken individually or as a whole and as currently owned as of the Execution Date or a material adverse effect on the ability of Seller to consummate the transactions contemplated by this Agreement and perform its obligations hereunder; *provided, however*, that a Material Adverse Effect shall not include any material adverse effects resulting from: (a) entering into this Agreement or the announcement of the transactions contemplated by this Agreement; ; (b) changes in conditions or developments generally applicable to the oil and gas industry in the area where the Assets are located; (c) acts of God, including hurricanes, storms or other naturally occurring events; (d) acts or failures to act of Governmental Authorities; (e) civil unrest, any outbreak of disease or hostilities, terrorist activities or war or any similar disorder; (f) matters that are cured or no longer exist by the earlier of Closing and the termination of this Agreement; (g) a change in Laws and any interpretations thereof from and after the Execution Date; (h) any reclassification or recalculation of reserves in the ordinary course of business; (i) changes in the prices of Hydrocarbons; and (l) events resulting from the COVID 19 pandemic or any other pandemic or government-mandated quarantine.

“**Material Contracts**” shall have the meaning set forth in Section 4.7.

“**Net Revenue Interest**” shall mean, with respect to a Well, the interest in and to all Hydrocarbons produced, saved and sold from or allocated to such Well, after giving effect to all Burdens; provided that if a Person’s “Net Revenue Interest” in any Well differs as to any part or depth of such Well, then a separate calculation shall be made as to each such part or depth.

“**NORM**” shall mean naturally occurring radioactive material.

“**Other Wells**” shall have the meaning set forth in Section 2.1(b).

“**Outside Date**” shall have the meaning set forth in Section 14.1(c).

“**Party**” and “**Parties**” shall have the meaning set forth in the introductory paragraph herein.

“**Permitted Encumbrances**” shall mean:

(a) the terms and conditions of all Leases, Material Contracts and all Burdens if the net cumulative effect of such Leases, Material Contracts and Burdens does not operate to (i) decrease the aggregate Net Revenue Interest Seller is entitled to with respect to any Subject Depth of any Well in an amount below the Net Revenue Interest set forth on Exhibit B, for such Subject Depth of such Well, or (ii) increase the aggregate Working Interest Seller is obligated to bear with respect to any Subject Depth of any Well in an amount greater than the Working Interest set forth on Exhibit B, for such Subject Depth of such Well (unless the Net Revenue Interest for such Well as to such Subject Depth as set forth on Exhibit B, is increased in the same or greater proportion as any such increase in Working Interest);

(b) preferential rights to purchase (including the Preferential Purchase Rights) or Consents (including Customary Post-Closing Consents) or similar agreements; which, prior to Closing, (i) waivers or consents are obtained from the appropriate parties, or (ii) required notices have been given to the holders of such rights and the appropriate time period for asserting such rights has expired without an exercise of such rights; or (i) that are not applicable to the sale of the Assets contemplated by this Agreement, or (ii) relate solely to the Excluded Assets.

(c) liens for Taxes that are not yet due and payable or, if delinquent, that are being contested in good faith;

(d) conventional rights of reassignment (that have not been triggered);

(e) such Title Defects as Buyer may have waived or is deemed to have been waived pursuant to the terms of this Agreement;

(f) all Laws and all rights reserved to or vested in any Governmental Authority, including required notices to and filings with any Governmental Authority in connection with the consummation of the transactions contemplated by this Agreement;

(g) rights of a common owner of any interest in rights-of-way, permits, easements or other Assets held by Seller and such common owner as tenants in common or through common ownership;

(h) easements, conditions, covenants, restrictions, servitudes, permits, rights-of-way, surface leases and other rights in the Assets for the purpose of operations, facilities, roads, alleys, highways, railways, pipelines, transmission lines, transportation lines, distribution lines, power lines, telephone lines, removal of timber, grazing, logging operations, canals, ditches, reservoirs and other like purposes, or for the joint or common use of real estate, rights-of-way, facilities and equipment, which, in each case, to the extent that they do not (i) decrease the aggregate Net Revenue Interest Seller is entitled to with respect to any Subject Depth of any Well in an amount below the Net Revenue Interest set forth on Exhibit B, for such Subject Depth of such Well, or (ii) increase the aggregate Working Interest Seller is obligated to bear with respect to any Subject Depth of any Well in an amount greater than the Working Interest set forth on Exhibit B, for such Subject Depth of such Well (unless the Net Revenue Interest for such Well as to such Subject Depth as set forth on Exhibit B, is increased in the same or greater proportion as any such increase in Working Interest);

(i) vendors, carriers, warehousemen's, repairmen's, mechanics', workmen's, materialmen's, construction or other like liens arising by operation of Law in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations which are not yet due or, if delinquent, that are being contested in good faith after the Execution Date;

(j) liens created under the Assets or operating agreements or by operation of Law in respect of obligations that are not yet due or, if delinquent, that are being contested in good faith after the Execution Date;

(k) any Encumbrance affecting the Assets that is discharged by Seller at or prior to Closing;

(l) any matters referenced and set forth on Exhibit A, Exhibit B or Exhibit C and all litigation set forth on Schedule 4.6;

(m) zoning and planning ordinances and municipal regulations;

(n) with respect to any interest in the lands not covered by the Leases and acquired through compulsory pooling, failure of the records of any Governmental Authority to reflect the applicable Seller as the owner of an Asset;

(o) any matter that would not be construed as a defect or encumbrance in title under the Texas Title Examination Standards of the Real Estate, Probate and Trust Law and the Oil, Gas and Energy Resources Law Section of the State Bar of Texas;

(p) all other Encumbrances, Contracts (including the Applicable Contracts), instruments, obligations, defects and irregularities affecting the Assets that individually or in the aggregate (i) are not such as to detract in any material respect from the value of, or materially interfere with the operation or use of any of the Assets (as currently operated and used), and which

would be accepted by a reasonably prudent purchaser engaged in the business of owning and operating oil and gas properties, (ii) do not decrease the aggregate Net Revenue Interest that Seller is entitled to with respect to any Subject Depth of any Well in an amount below the Net Revenue Interest set forth on Exhibit B, for such Subject Depth of such Well, or (iii) do not increase the aggregate Working Interest Seller is obligated to bear with respect to any Subject Depth of any Well in an amount greater than the Working Interest set forth on Exhibit B, for such Subject Depth of such Well (unless the Net Revenue Interest for such Well as to such Subject Depth as set forth on Exhibit B, is increased in the same or greater proportion as any such increase in Working Interest).

“**Person**” shall mean any individual, firm, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, Governmental Authority or any other entity.

“**Personal Property**” shall have the meaning set forth in Section 2.1(f).

“**Preferential Purchase Right**” shall have the meaning set forth in Section 4.9.

“**Preliminary Settlement Statement**” shall have the meaning set forth in Section 3.3.

“**Proceeding**” shall mean any proceeding, action, arbitration, litigation, subpoena, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

“**Property Expenses**” shall have the meaning set forth in Section 2.4.

“**Purchase Price**” shall have the meaning set forth in Section 3.1(a).

“**Records**” shall have the meaning set forth in Section 2.1(i).

“**Remediation**” shall mean, with respect to an Environmental Defect, the implementation and completion of any remedial, removal, response, construction, closure, disposal or other corrective actions to the extent required under Environmental Laws to correct or remove such Environmental Defect, performed consistent with the Lowest Cost Response.

“**Remediation Amount**” shall mean, with respect to an Environmental Defect, the present value as of the Closing Date (using an annual discount rate of 10%) of the cost (net to Seller’s interest prior to the consummation of the transactions contemplated by this Agreement). For the avoidance of doubt, the term “Remediation Amount” shall not include (a) the costs of Buyer’s and/or its Affiliate’s employees, project manager(s), or attorneys, (b) expenses for matters that are costs of doing business, *e.g.*, those costs that would ordinarily be incurred in the day-to-day operations of the Assets, or in connection with permit renewal/amendment activities in connection with operation of the Assets, (c) overhead costs of Buyer and/or its Affiliates, (d) costs and expenses that would not have been required under Environmental Laws as they exist on the Execution Date or the Environmental Claim Date, (e) costs or expenses incurred in connection with remedial or corrective action that is designed to achieve standards that are more stringent than those required for similar assets, operations, or facilities or that fails to reasonably take advantage

of applicable risk reduction or risk assessment principles allowed under applicable Environmental Laws, (f) any costs or expenses relating to the assessment, remediation, removal, abatement, transportation, and disposal of any asbestos, asbestos containing materials, NORM, and/or (g) costs of taking any Remediation action that is not consistent with the Lowest Cost Response.

“**Royalties**” means royalties, overriding royalties, or other interest owners’ revenues or proceeds attributable to the sale of Hydrocarbons and payment in respect thereof, as applicable.

“**R&W Insurance Policy**” shall have the meaning set forth in Section 3.9.

“**SCADA Equipment**” shall mean all SCADA equipment, fixtures and personal property to the extent located on the Leases or Wells; provided that the “SCADA Equipment” shall not include any software or programs used in connection therewith.

“**Seller**” shall have the meaning set forth in the introductory paragraph of this Agreement.

“**Seller Affiliate**” shall have the meaning set forth in Section 15.17.

“**Seller Indemnified Parties**” shall have the meaning set forth in Section 13.3.

“**Seller Taxes**” shall mean (i) all Income Taxes imposed by any applicable Law on Seller or its Affiliates and (ii) Asset Taxes allocable to Seller or its Affiliates pursuant to Section 15.2(b) (taking into account, and without duplication of, such Asset Taxes effectively borne by Seller or its Affiliates as a result of (x) the adjustments to the Purchase Price made pursuant to Section 3.2, Section 3.3 or Section 3.4, as applicable, and (y) any payments made from one Party to the other in respect of Asset Taxes pursuant to Section 15.2(b)(iii)).

“**Seller’s Certificate**” shall have the meaning set forth in Section 9.3(g).

“**Specified Liabilities**” means, with respect to Seller, any Liabilities arising out of any of the following:

- (a) death or physical injury to any employees of Seller related to or arising out of Seller’s ownership or operation of the Assets and occurring prior to the Closing Date;
 - (b) claims for compensation or reimbursement of Seller’s employees for work performed with respect to the Assets prior to the Closing Date (but excluding any Property Expenses);
 - (c) offsite transport or disposal, or arrangement for transport or disposal, of any Hazardous Substances from the Assets that occurred prior to the Closing Date to the extent chargeable to Seller’s Working Interest in the Assets during Seller’s period of ownership thereof or any other liabilities associated with the disposal or transportation of any Hazardous Substances from the property associated with the Assets to any location not on such property or lands pooled or unitized therewith prior to Closing to the extent chargeable to Seller’s Working Interest in the Assets during Seller’s period of ownership thereof; and
-

(d) the failure to pay, underpayment, or incorrect payment of any and all Royalties or other Burdens with respect to any of the Assets in each case to the extent (i) not attributable to suspense funds, (ii) attributable to the period that Hydrocarbons were produced and marketed from any Assets during Seller's period of ownership of the Assets prior to the Effective Time and (iii) chargeable to Seller's Working Interest in the Assets

"Straddle Period" shall mean any Tax period beginning before and ending after the Effective Time.

"Straddle Period Tax Contest" shall have the meaning set forth in Section 15.2(g).

"Subject Depths" shall mean with respect to any Well, the formation or formations currently being produced by such Well.

"Subsequent Closing" shall have the meaning set forth in Section 9.5.

"Surface Rights" shall have the meaning set forth in Section 2.1(e).

"SWT Survival Period" shall mean the period of time commencing as of the Closing and ending at 5:00 p.m. Central Time on the [***] month anniversary of the Closing Date.

"Target Closing Date" shall have the meaning set forth in Section 9.1.

"Tax Contest" shall have the meaning set forth in Section 15.2(g).

"Taxes" shall mean any taxes, assessments and other governmental charges in the nature of a tax imposed by any Governmental Authority, including income, profits, gross receipts, stamp, alternative or add-on minimum, ad valorem, real property, personal property, transfer, real property transfer, value added, sales, use, customs, duties, capital stock, franchise, excise, withholding, severance, production, estimated or other tax, including any interest, penalty or addition thereto.

"Tax Return" shall mean any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

"Third Party" shall mean any Person other than a Party to this Agreement or an Affiliate of a Party to this Agreement.

"Third Party Claim" shall have the meaning set forth in Section 13.7(b).

"Title Arbitrator" shall have the meaning set forth in Section 11.2(j).

“**Title Benefit**” shall mean any right, circumstance or condition that, with respect to each Well shown on Exhibit B, operates to (i) increase the Net Revenue Interest of Seller, as identified on Exhibit B, or (ii) decrease the Working Interest of Seller without a proportionate or greater decrease in the Net Revenue Interest of Seller, from each Subject Depth of such Well, as applicable, as identified on Exhibit B.

“**Title Benefit Amount**” shall have the meaning set forth in Section 11.2(e).

“**Title Benefit Notice**” shall have the meaning set forth in Section 11.2(b).

“**Title Benefit Property**” shall have the meaning set forth in Section 11.2(b).

“**Title Claim Date**” shall have the meaning set forth in Section 11.2(a).

“**Title Defect**” shall mean any Encumbrance, defect or other matter that causes Seller not to have Defensible Title in and to the Wells as of the Effective Time and as of the Title Claim Date.

“**Title Defect Amount**” shall have the meaning set forth in Section 11.2(g).

“**Title Defect Notice**” shall have the meaning set forth in Section 11.2(a).

“**Title Defect Property**” shall have the meaning set forth in Section 11.2(a).

“**Transaction Documents**” shall mean those documents executed pursuant to or in connection with this Agreement.

“**Transfer Taxes**” shall have the meaning set forth in Section 15.2(e).

“**Treasury Regulations**” shall mean the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code.

“**Units**” shall have the meaning set forth in Section 2.1(c).

“**Wells**” shall have the meaning set forth in Section 2.1(b).

“**Willful Breach**” shall mean, with respect to either Party, (a) such Party’s willful or deliberate act or a willful or deliberate failure to act by such Party, which act or failure to act constitutes in and of itself a material breach of any covenant set forth in this Agreement and which was undertaken with the actual knowledge of such Party that such act or failure to act would be, or would reasonably be expected to cause, a material breach of this Agreement or (b) the failure by such Party to consummate the transactions contemplated by this Agreement after all conditions to such Party’s obligations in Article VII or Article VIII, as applicable, have been satisfied or waived in accordance with the terms of this Agreement (other than those conditions which by their terms can only be satisfied simultaneously with the Closing but which would be capable of being satisfied at Closing if Closing were to occur).

“Working Interest” shall mean, with respect to a Well, the interest in such Well that is burdened with the obligation to bear and pay costs and expenses of maintenance, development and operations on or in connection with such Well, but without regard to the effect of any Burdens; *provided*, that if Seller’s “Working Interest” in any Well differs as to any part or depth, then a separate calculation shall be made as to each such part or depth.

SEVENTH AMENDMENT TO CREDIT AGREEMENT

THIS SEVENTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), is made and entered into effective as of August 5, 2021 (the "Effective Date"), by and between **EVOLUTION PETROLEUM CORPORATION**, a Nevada corporation ("**EPC**"), **EVOLUTION PETROLEUM OK, INC.**, a Texas corporation ("Evolution Texas"), **NGS TECHNOLOGIES, INC.**, a Delaware corporation ("NGS"), **EVOLUTION ROYALTIES, INC.**, a Delaware corporation ("Evolution Royalties"; EPC, Evolution Texas, NGS, and Evolution Royalties are collectively referred to herein as the "Original Borrowers"), **EVOLUTION PETROLEUM WEST, INC.**, a Delaware corporation ("Evolution West"; Evolution West and the Original Borrowers are collectively referred to herein as the "**Borrowers**") and **MIDFIRST BANK**, a federally chartered savings association ("**Lender**").

RECITALS

A. Borrowers and Lender are parties to that certain Credit Agreement dated as of April 11, 2016, as amended by that certain First Amendment to Credit Agreement dated as of October 18, 2017, and as further amended by that certain Second Amendment to Credit Agreement dated as of February 1, 2018, and as further amended by that certain Third Amendment to Credit Agreement dated as of May 25, 2018, and as further amended by that certain Fourth Amendment to Credit Agreement dated as of December 31, 2018, and as further amended by that certain Fifth Amendment to Credit Agreement dated as of November 2, 2020, and as further amended by that certain Sixth Amendment to Credit Agreement dated as of December 28, 2020 (the "Existing Credit Agreement"). Capitalized terms used in this Amendment and not otherwise defined herein have the respective meanings assigned to them in the Existing Credit Agreement.

B. The Loan is currently evidenced by that certain Amended and Restated Promissory Note in the face amount of \$50,000,000.00 dated as of February 1, 2018 (the "Note").

C. The Borrowers and the Lender have agreed to modify and replace certain financial covenants and such other modifications as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I.

DEFINITIONS AND REFERENCES

Section 1.1 Terms Defined in the Existing Credit Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Existing Credit Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2 Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" means this Seventh Amendment to Credit Agreement.

"Amendment Documents" means this Amendment, and all other Loan Documents executed and delivered in connection herewith.

Seventh Amendment to Credit Agreement

“Credit Agreement” means the Existing Credit Agreement as amended hereby.

ARTICLE II.

AMENDMENTS TO CREDIT AGREEMENT

Section 2.1 Amendments to Article 1 of the Existing Credit Agreement.

(a) Additional definitions for the terms “Acquired Entity or Mineral Interests” and “Acquired Entity or Mineral Interests EBITDA Adjustment” shall be added to Section 1.01 of the Existing Credit Agreement, Defined Terms, to be inserted in their appropriate alphabetical location and to state as follows:

“Acquired Entity or Mineral Interests” shall mean any entity or Mineral Interests acquired by Borrower by way of corporate merger or contracted purchase after April 1, 2021. For the avoidance of doubt the assets acquired under the Tokyo Gas acquisition shall be deemed an Acquired Entity or Mineral Interests.

“Acquired Entity or Mineral Interests EBITDA Adjustment” shall mean an amount that may be added in the Lender’s sole discretion associated with cash flow from Acquired Entity or Mineral Interests defined above for covenant purposes. EBITDA under this adjustment must be documented separately inside the Borrower’s Compliance Certificate and is to be net of EBITDA associated with any Acquired Entity or Mineral Interests sold, transferred or otherwise disposed of or, closed or classified as discontinued operations (but if such operations are classified as discontinued due to the fact that they are subject to an agreement to dispose of such operations, only when and to the extent such operations are actually disposed of) by the Borrower or any Subsidiary during such period. The adjustment under this provision shall be equal to: the actual EBITDA contributed from the Acquired Entity or Mineral Interests, divided by (i) the number of days in such trailing 12 month period being tested that the acquisition generated EBITDA outlined above, multiplied by (ii) the number of days in such trailing 12 month test period. The adjustment must be based on at least 30 days of actual EBITDA during the period and will exclude any extraordinary items.

(b) The definition for the term “EBITDA” in Section 1.01 of the Existing Credit Agreement, Defined Terms, shall be amended and restated in its entirety to read as follows:

“EBITDA” means (a) net income of the Borrower and its Subsidiaries for the period in question, plus (b) (to the extent deducted in determining net income) depreciation, amortization, depletion, write-down of oil and gas properties, non-cash ceiling test impairments and other non-cash expenses of the Borrower and its Subsidiaries for such period (including other non-cash stock-based compensation expense, non-cash accretion expense, non-cash income taxes, non-cash charges attributable to the application of ASC 410 - Asset Retirement and Environmental Obligations, ASC 718 - Compensation - Stock Compensation or ASC 815 - Derivative and Hedging), plus (c) (to the extent deducted in determining net income) Taxes expenses for such period, less (d) (to the extent added in determining net income) gain on sale of assets and other non-

cash income of the Borrower and its Subsidiaries for such period (including non-cash gains attributable to the application of ASC 410, ASC 718 or ASC 815) plus the Acquired Entity or Mineral Interests EBITDA Adjustment.

Section 2.2 Amendments to Article 7 of the Existing Credit Agreement.

(a) Paragraph “(c)”, Consolidated Tangible Net Worth, of Section 7.12 of the Existing Credit Agreement, **Financial Covenants**, is hereby amended restated in its entirety as follows:

(c) Consolidated Tangible Net Worth. Maintain, as of last day of each fiscal quarter, a Consolidated Tangible Net Worth of not less than \$40,000,000.00.

ARTICLE III.

CONDITIONS OF EFFECTIVENESS

Section 3.1 Effective Date. This Amendment shall become effective as of the date first above written when and only when:

(a) Amendment Documents. Lender shall have received duly executed and delivered counterparts of each Amendment Document (i) in form, substance and date satisfactory to Lender, and (ii) in such numbers as Lender or its counsel may reasonably request.

(b) Certificate. Lender shall have received a certificate of a Responsible Officer of Borrower certifying as of the date of this Amendment (i) that there have been no changes to its Organizational Documents since the Closing Date, and (ii) that there are no resolutions or other action of Borrower prohibiting the transactions described in this Amendment.

(c) Other Documentation. Lender shall have received all documents and instruments which Lender has then reasonably requested, in addition to those described in this Section 4.1. All such additional documents and instruments shall be reasonably satisfactory to Lender in form, substance and date.

(d) No Default. No event shall have occurred and be continuing that would constitute an Event of Default or a Default.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Borrower. In order to induce Lender to enter into this Amendment, each Borrower represents and warrants to Lender that:

(a) All representations and warranties made by each Borrower in any Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of time of the effectiveness hereof as if such representations and warranties had been made as of the time of the effectiveness hereof (except to the extent that such representation or warranty was made as of a specific date, in which case such representation or warranty shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such specific date).

(b) Each Borrower has duly taken all corporate action necessary to authorize the execution and delivery by it of the Amendment Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder and will provide Lender with any approval thereof at the next scheduled meeting of any such Borrower's board of directors.

(c) The execution and delivery by each Borrower of the Amendment Documents to which it is a party, the performance by each Borrower of its obligations under such Amendment Documents, and the consummation of the transactions contemplated by such Amendment Documents, do not and will not (a) conflict with, violate or result in a breach of any provision of (i) to any Borrower's knowledge, any Law, (ii) any Borrower's Organization Documents, or (iii) any material agreement, judgment, license, order or permit applicable to or binding upon any Borrower, (b) result in the acceleration of any Indebtedness owed by any Borrower, or (c) result in or require the creation of any Lien upon the assets or properties of any Borrower except as expressly contemplated or permitted in the Loan Documents. Except (x) as expressly contemplated in the Amendment Documents and (y) such as have been obtained or made and are in full force and effect, to each Borrower's knowledge, no permit, consent, approval, authorization or order of, and no notice to or filing with, any Governmental Authority or third party is required on the part of or in respect of any Borrower in connection with the execution, delivery or performance by each Borrower of any Amendment Document or to consummate any transactions contemplated by the Amendment Documents.

(d) This Amendment is, and the other Amendment Documents when duly executed and delivered will be, legal, valid and binding obligations of each Borrower, enforceable against each Borrower in accordance with their terms except as such enforcement may be limited by bankruptcy, insolvency or similar Laws of general application relating to the enforcement of creditors' rights and by general principles of equity.

ARTICLE V.

MISCELLANEOUS

Section 5.1 Ratification of Agreements. The Existing Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. The Loan Documents, as they may be amended or affected by the various Amendment Documents, are hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Existing Credit Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment and the other Amendment Documents shall not, except as expressly provided herein or therein, operate as a waiver of any right, power or remedy of Lender under the Credit Agreement, the Note, or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement, the Note or any other Loan Document.

Section 5.2 Survival of Agreements. All of each Borrower's various representations, warranties, covenants and agreements in the Amendment Documents shall survive the execution and delivery thereof and the performance thereof, including the making or granting of the Loans and the delivery of the other Loan Documents, and shall further survive until all of the Obligations are paid in full to Lender and all of Lender's obligations to Borrowers are terminated.

Section 5.3 Waiver of Jury Trial. EACH OF THE BORROWERS AND LENDER (BY THEIR ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THE BORROWERS AND THE LENDER, ARISING OUT OF OR IN ANY

WAY RELATED TO THIS DOCUMENT, ANY OTHER RELATED DOCUMENT, OR ANY RELATIONSHIP BETWEEN THE LENDER AND THE BORROWERS OR ANY BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN.

Section 5.4 Interpretive Provisions. Section 1.2 of the Existing Credit Agreement is incorporated herein by reference herein as if fully set forth. Unless the context clearly indicates otherwise, all references to "*Borrower*" mean either or any *Borrower*. Each Borrower is jointly and severally liable for the Obligations. Lender may sue any Borrower, jointly or individually, without impairing Lender's rights against any other Borrower. Lender may compromise with any Borrower or any other Person for any sum Lender sees fit. Lender may release any Borrower or any other Person from any liability for the Obligations without impairing Lender's right to demand and collect the balance of the Obligations from any Borrower or other Person. No compromise or release will, except as specifically set forth in the Agreement, impair Borrowers' rights amongst themselves.

Section 5.5 Loan Documents. The Amendment Documents are each a Loan Document, and all provisions in the Existing Credit Agreement pertaining to Loan Documents apply thereto.

Section 5.6 Governing Law. This Amendment shall be governed by, and construed in accordance with, the Laws of the State of Texas.

Section 5.7 Counterparts; Fax. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment. The Amendment Documents may be validly executed by facsimile or other electronic transmission.

THIS AMENDMENT AND THE OTHER AMENDMENT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS OF THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

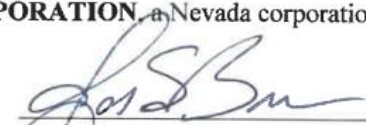
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Signature Page to Seventh Amendment to Credit Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWERS:

EVOLUTION PETROLEUM CORPORATION, a Nevada corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

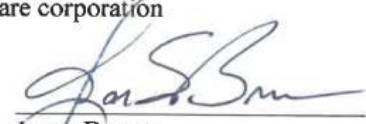
EVOLUTION PETROLEUM OK, INC., a Texas corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

NGS TECHNOLOGIES, INC., a Delaware corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

EVOLUTION ROYALTIES, INC., a Delaware corporation

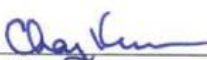
By: 
Name: Jason Brown
Title: Chief Executive Officer and President

EVOLUTION PETROLEUM WEST, INC., a Delaware corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

LENDER:

MIDFIRST BANK

By: 
Name: Chay Kramer
Title: Vice President

NINTH AMENDMENT TO CREDIT AGREEMENT

THIS NINTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), is made and entered into effective as of February 4, 2022 (the "Effective Date"), by and between **EVOLUTION PETROLEUM CORPORATION**, a Nevada corporation ("**EPC**"), **EVOLUTION PETROLEUM OK, INC.**, a Texas corporation ("Evolution Texas"), **NGS TECHNOLOGIES, INC.**, a Delaware corporation ("NGS"), **EVOLUTION ROYALTIES, INC.**, a Delaware corporation ("Evolution Royalties"; EPC, Evolution Texas, NGS, and Evolution Royalties are collectively referred to herein as the "Original Borrowers"), **EVOLUTION PETROLEUM WEST, INC.**, a Delaware corporation ("Evolution West"; Evolution West and the Original Borrowers are collectively referred to herein as the "**Borrowers**") and **MIDFIRST BANK**, a federally chartered savings association ("**Lender**").

RECITALS

A.B Borrowers and Lender are parties to that certain Credit Agreement dated as of April 11, 2016, as amended by that certain First Amendment to Credit Agreement dated as of October 18, 2017, and as further amended by that certain Second Amendment to Credit Agreement dated as of February 1, 2018, and as further amended by that certain Third Amendment to Credit Agreement dated as of May 25, 2018, and as further amended by that certain Fourth Amendment to Credit Agreement dated as of December 31, 2018, and as further amended by that certain Fifth Amendment to Credit Agreement dated as of November 2, 2020, and as further amended by that certain Sixth Amendment to Credit Agreement dated as of December 28, 2020, and as further amended by that certain Seventh Amendment to Credit Agreement dated as of August 5, 2021, and as further amended by that certain Eighth Amendment to Credit Agreement dated as of November 9, 2021 (the "Existing Credit Agreement"). Capitalized terms used in this Amendment and not otherwise defined herein have the respective meanings assigned to them in the Existing Credit Agreement.

B.T The Loan is currently evidenced by that certain Amended and Restated Promissory Note in the face amount of \$50,000,000.00 dated as of February 1, 2018 (the "Note").

C.T The Borrowers and the Lender have agreed to the modifications as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I.

DEFINITIONS AND REFERENCES

Section 1.1 Terms Defined in the Existing Credit Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Existing Credit Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2 Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" means this Ninth Amendment to Credit Agreement.

"Amendment Documents" means this Amendment, and all other Loan Documents executed and delivered in connection herewith.

“Credit Agreement” means the Existing Credit Agreement as amended hereby.

ARTICLE II.

AMENDMENTS TO CREDIT AGREEMENT

Section 2.1 Amendments to Article 1 of the Existing Credit Agreement.

(a) The definition for the term “Utilization Percentage” set forth at Section 1.01 of the Existing Credit Agreement, Defined Terms, shall be deleted and replaced with the following:

“**Utilization Percentage**” means, as of any day and beginning on the Ninth Amendment Effective Date, the fraction expressed as a percentage, the numerator of which is the Facility Usage on such day, and the denominator of which is: (A) the Borrowing Base in effect on such day if the Maximum Total Leverage Ratio, at such time, is greater than or equal to 2.25 to 1.00 and (B) the MFB Margined Collateral Value in effect on such day if the Maximum Total Leverage Ratio, at such time, is less than 2.25 to 1.00.

(b) Additional definitions for the terms “Ninth Amendment Effective Date”, and “MFB Margined Collateral Value” shall be added to Section 1.01 of the Existing Credit Agreement, Defined Terms, to be inserted in their appropriate alphabetical location and to state as follows:

“**Ninth Amendment Effective Date**” means February 4, 2022.

“**MFB Margined Collateral Value**” means, as of any day, Lender’s formal evaluation, in its sole but reasonable discretion, of Borrowers’ Mineral Interests in their oil and gas properties as determined and approved by Lender from the “MFB Base Case Price Deck” margined at the applicable advance rate. The MFB Margined Collateral Value shall be determined by Lender in connection with redeterminations of the Borrowing Base pursuant to Article IV below.

Section 2.2 Amendments to Article 7 of the Existing Credit Agreement.

(a) The following shall be added to the end of the paragraph in Section 7.18:

“By virtue of an Advance which caused the existing Utilization Percentage to exceed 25%, Borrower shall enter into Swap Contracts, as specified in this Section 7.18, covering no less than 25% of the Projected Oil and Gas Production for twelve (12) full-fiscal month periods.”

ARTICLE III.

CONDITIONS OF EFFECTIVENESS

Section 3.1 Effective Date. This Amendment shall become effective as of the date first above written when and only when:

(a) Amendment Documents. Lender shall have received duly executed and delivered counterparts of each Amendment Document (i) in form, substance and date satisfactory to Lender, and (ii) in such numbers as Lender or its counsel may reasonably request.

(b) Certificate. Lender shall have received a certificate of a Responsible Officer of Borrower certifying as of the date of this Amendment (i) that there have been no changes to its Organizational Documents since the Closing Date, and (ii) that there are no resolutions or other action of Borrower prohibiting the transactions described in this Amendment.

(c) Other Documentation. Lender shall have received all documents and instruments which Lender has then reasonably requested, in addition to those described in this Section 4.1. All such additional documents and instruments shall be reasonably satisfactory to Lender in form, substance and date.

(d) No Default. No event shall have occurred and be continuing that would constitute an Event of Default or a Default.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Borrower. In order to induce Lender to enter into this Amendment, each Borrower represents and warrants to Lender that:

(a) All representations and warranties made by each Borrower in any Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained therein) on and as of time of the effectiveness hereof as if such representations and warranties had been made as of the time of the effectiveness hereof (except to the extent that such representation or warranty was made as of a specific date, in which case such representation or warranty shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of such specific date).

(b) Each Borrower has duly taken all corporate action necessary to authorize the execution and delivery by it of the Amendment Documents to which it is a party and to authorize the consummation of the transactions contemplated thereby and the performance of its obligations thereunder and will provide Lender with any approval thereof at the next scheduled meeting of any such Borrower's board of directors.

(c) The execution and delivery by each Borrower of the Amendment Documents to which it is a party, the performance by each Borrower of its obligations under such Amendment Documents, and the consummation of the transactions contemplated by such Amendment Documents, do not and will not (a) conflict with, violate or result in a breach of any provision of (i) to any Borrower's knowledge, any Law, (ii) any Borrower's Organization Documents, or (iii) any material agreement, judgment, license, order or permit applicable to or binding upon any Borrower, (b) result in the acceleration of any Indebtedness owed by any Borrower, or (c) result in or require the creation of any Lien upon the assets or properties of any Borrower except as expressly contemplated or permitted in the Loan Documents. Except (x) as expressly contemplated in the Amendment Documents and (y) such as have been obtained or made and are in full force and effect, to each Borrower's knowledge, no permit, consent, approval, authorization or order of, and no notice to or filing with, any Governmental Authority or third party is required on the part of or in respect of any Borrower in connection with the execution, delivery or performance by each Borrower of any Amendment Document or to consummate any transactions contemplated by the Amendment Documents.

(d) This Amendment is, and the other Amendment Documents when duly executed and delivered will be, legal, valid and binding obligations of each Borrower, enforceable against each Borrower in accordance with their terms except as such enforcement may be limited by bankruptcy,

insolvency or similar Laws of general application relating to the enforcement of creditors' rights and by general principles of equity.

ARTICLE V.

MISCELLANEOUS

Section 5.1 Ratification of Agreements. The Existing Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. The Loan Documents, as they may be amended or affected by the various Amendment Documents, are hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Existing Credit Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment and the other Amendment Documents shall not, except as expressly provided herein or therein, operate as a waiver of any right, power or remedy of Lender under the Credit Agreement, the Note, or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement, the Note or any other Loan Document.

Section 5.2 Survival of Agreements. All of each Borrower's various representations, warranties, covenants and agreements in the Amendment Documents shall survive the execution and delivery thereof and the performance thereof, including the making or granting of the Loans and the delivery of the other Loan Documents, and shall further survive until all of the Obligations are paid in full to Lender and all of Lender's obligations to Borrowers are terminated.

Section 5.3 Waiver of Jury Trial. EACH OF THE BORROWERS AND LENDER (BY THEIR ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THE BORROWERS AND THE LENDER, ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT, ANY OTHER RELATED DOCUMENT, OR ANY RELATIONSHIP BETWEEN THE LENDER AND THE BORROWERS OR ANY BORROWER. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN.

Section 5.4 Interpretive Provisions. Section 1.2 of the Existing Credit Agreement is incorporated herein by reference herein as if fully set forth. Unless the context clearly indicates otherwise, all references to "*Borrower*" mean either or any *Borrower*. Each Borrower is jointly and severally liable for the Obligations. Lender may sue any Borrower, jointly or individually, without impairing Lender's rights against any other Borrower. Lender may compromise with any Borrower or any other Person for any sum Lender sees fit. Lender may release any Borrower or any other Person from any liability for the Obligations without impairing Lender's right to demand and collect the balance of the Obligations from any Borrower or other Person. No compromise or release will, except as specifically set forth in the Agreement, impair Borrowers' rights amongst themselves.

Section 5.5 Loan Documents. The Amendment Documents are each a Loan Document, and all provisions in the Existing Credit Agreement pertaining to Loan Documents apply thereto.

Section 5.6 Governing Law. This Amendment shall be governed by, and construed in accordance with, the Laws of the State of Texas.

Section 5.7 Counterparts; Fax. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be

deemed to constitute one and the same Amendment. The Amendment Documents may be validly executed by facsimile or other electronic transmission.

THIS AMENDMENT AND THE OTHER AMENDMENT DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS OF THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

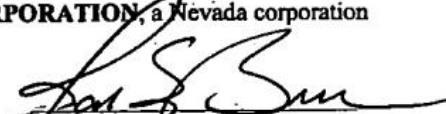
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Signature Page to Ninth Amendment to Credit Agreement

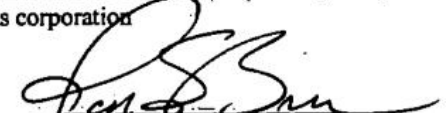
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

BORROWERS:


EVOLUTION PETROLEUM CORPORATION, a Nevada corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

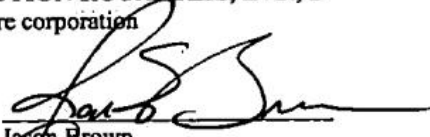
EVOLUTION PETROLEUM OK, INC., a Texas corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

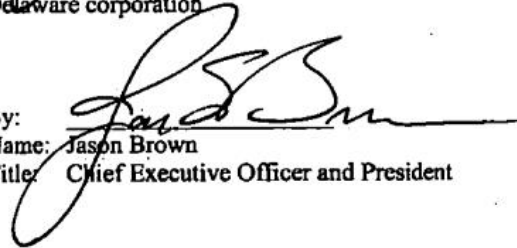
NCS TECHNOLOGIES, INC., a Delaware corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

EVOLUTION ROYALTIES, INC., a
Delaware corporation


By: 
Name: Jason Brown
Title: Chief Executive Officer and President

EVOLUTION PETROLEUM WEST, INC., a
Delaware corporation

By: 
Name: Jason Brown
Title: Chief Executive Officer and President

LENDER:

MIDFIRST BANK

By: 
Name: Chay Kramer
Title: Vice President

EVOLUTION ROYALTIES, INC., a
Delaware corporation


By: _____
Name: Jason Brown
Title: Chief Executive Officer and President

EVOLUTION PETROLEUM WEST, INC., a
Delaware corporation

By: _____
Name: Jason Brown
Title: Chief Executive Officer and President

LENDER:

MIDFIRST BANK

By:  _____
Name: Chay Kramer
Title: Vice President

CERTIFICATION

I, Jason E. Brown, President and Chief Executive Officer of Evolution Petroleum Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Evolution Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

By: /s / JASON E. BROWN
Jason E. Brown
President and Chief Executive Officer

CERTIFICATION

I, Ryan Stash, Senior Vice President, Chief Financial Officer and Treasurer of Evolution Petroleum Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Evolution Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

By: /s / RYAN STASH

Ryan Stash
Senior Vice President, Chief Financial Officer
and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Jason E. Brown, President and Chief Executive Officer of Evolution Petroleum Corporation (the "Company"), certifies in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the "Report") pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to his knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of May 12, 2022.

By: /s/ JASON E. BROWN
Jason E. Brown
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Evolution Petroleum Corporation and will be retained by Evolution Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certificate is being furnished to the Securities and Exchange Commission as an exhibit to this Form 10-Q and shall not be considered filed as part of the Form 10-Q.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Ryan Stash, Senior Vice President, Chief Financial Officer and Treasurer of Evolution Petroleum Corporation (the "Company"), certifies in connection with the filing with the Securities and Exchange Commission of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 (the "Report") pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to his knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of May 12, 2022.

By: /s / RYAN STASH

Ryan Stash
Senior Vice President, Chief Financial Officer
and Treasurer

A signed original of this written statement required by Section 906 has been provided to Evolution Petroleum Corporation and will be retained by Evolution Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certificate is being furnished to the Securities and Exchange Commission as an exhibit to this Form 10-Q and shall not be considered filed as part of the Form 10-Q.