# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**January 3, 2022**
**Date of Report (Date of earliest event reported)**

# ABRAXAS PETROLEUM CORPORATION
**(Exact name of registrant as specified in its charter)**

| **Nevada** | **1-16071** | **74-2584033** |
|---|---|---|
| **(State or other jurisdiction of incorporation)** | **(Commission File Number)** | **(I.R.S. Employer Identification Number)** |

**18803 Meisner Drive**
**San Antonio, Texas 78258**
**(210) 490-4788**
**(Address of principal executive offices and Registrant's telephone number, including area code)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e- 4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Common Stock, par value $.01 per share** | **AXAS** | **OTCQX** |

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. ☐

**Item. 1.01 Entry into a Material Definitive Agreement.**

***Asset Purchase and Sale Agreement***

On January 3, 2022, Abraxas Petroleum Corporation, a Nevada corporation (the "Company", "we", "us" or "our") issued a press release, which is filed herewith as Exhibit 99.1, regarding the Company and Lime Rock Resources V-A, L.P., a Delaware limited partnership ("Lime Rock"), having entered into an Asset Purchase and Sale Agreement (the "Purchase Agreement"), pursuant to which the Company agreed to sell to Lime Rock certain oil, gas, and mineral properties in the Williston Basin region of North Dakota (the "Properties") and other related assets (together with the Properties, the "Assets") belonging to the Company and its subsidiaries for $87,200,000 in cash, subject to customary purchase price adjustments (the "Purchase Price"; such sale, the "Sale"). As described in and subject to the limitations set forth in the Purchase Agreement, the Assets include, among other things, the oil and gas leases described in the Purchase Agreement; the leasehold, mineral, and royalty interests in, and the production and development rights to, the Properties; all contracts, agreements, and instruments by which the Properties are bound; and all rights and interests in the drilling, spacing, or pooled units designated in the Purchase Agreement. The Purchase Agreement includes customary terms and conditions for agreements of this nature. The Purchase Agreement also contains indemnification obligations of both the Company and Lime Rock with respect to customary matters, including breaches of representations, warranties, and covenants. The closing of the transactions contemplated by the Purchase Agreement occurred concurrently with execution of the agreement on January 3, 2022.

As previously disclosed on our Form 8-K/A filed on June 13, 2014, the Company entered into a Third Amended and Restated Credit Facility, dated June 11, 2014 (as amended, modified, or supplemented, the "First Lien Debt Agreement"), by and among the Company, the financial institutions party thereto as lenders, and Société Générale, as "Issuing Lender" and administrative agent (the "First Lien Agent").

Also, as previously disclosed on our Form 8-K filed on November 19, 2019, the Company entered into a $100,000,000 Term Loan Credit Agreement, dated November 13, 2019 (as amended, modified, or supplemented, the "Second Lien Debt Agreement"), by and among the Company, the financial institutions party thereto as lenders (the "Second Lien Lenders"), and Angelo Gordon Energy Servicer, LLC, as administrative agent (the "Second Lien Agent"). As previously disclosed in our Form 8-K filed on April 22, 2021, the Company, the Second Lien Agent, the Second Lien Lenders, and certain parties named as the Company's guarantors (collectively, the "Second Lien Parties") entered into a Forbearance Agreement, dated March 31, 2021, in respect of the Second Lien Debt Agreement, which was later amended by the Agreement, Amendment to Forbearance Agreement, and Amendment No. 4 to Credit Agreement, dated as of April 27, 2021, among the Second Lien Parties (as so amended, the "Forbearance Agreement"), pursuant to which the Second Lien Lenders agreed to temporarily forbear from exercising certain remedies against the Company and its guarantors with respect to the Specified Events of Default (as defined in the Forbearance Agreement) until May 6, 2021, unless terminated earlier.

Pursuant to agreements entered into on the date hereof, the Company is effectuating a restructuring of the Company's existing indebtedness through a multi-part interdependent de-levering transaction consisting of: (i) the Sale under the Purchase Agreement; (ii) the pay down of the indebtedness and other obligations of the Company and its subsidiaries under the First Lien Debt Agreement and certain specified secured hedges (the "1L Obligations") from the proceeds of the Sale and, to the extent necessary, other cash of the Company pursuant to the First Lien Release Agreement (as defined below); and (iii) a debt for equity exchange of the indebtedness and other obligations of the Company and its subsidiaries under the Second Lien Debt Agreement and all related loan and security documents.

Effective immediately upon the consummation of the transactions contemplated by the Purchase Agreement, the Company will apply up to 100% of the net proceeds of the Sale (the "Net Sale Proceeds") to repay accrued interest and fees and agreed upon remaining indebtedness of the 1L Obligations (the "1L Obligation Repayment Amount"). The Company will apply cash on the balance sheet in excess of $2,000,000 to repay the 1L Obligations up to the 1L Obligation Repayment Amount to the extent that the Net Sale Proceeds are insufficient. In connection with the consummation of the Purchase Agreement transactions and the application of the Net Sale Proceeds to the Company's 1L Obligations, the Company entered into a Settlement and Lien Release Agreement, dated as of January 3, 2022 (the "First Lien Release Agreement"), among the Company, the First Lien Agent, and the other lenders and hedge counterparties under the First Lien Debt Agreement and the related secured hedge contracts (the First Lien Agent and such other lenders and counterparties, collectively, the "First Lien Parties"). Under the First Lien Release Agreement, the First Lien Parties agreed to terminate the First Lien Debt Agreement and related loan documents and to release all 1L Obligations in excess of the 1L Obligation Repayment Amount upon payment of the Release Amount (as defined in the First Lien Release Agreement).

The foregoing description of the Purchase Agreement and the First Lien Release Agreement is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the complete text of the Purchase Agreement and the First Lien Release Agreement, which are filed herewith as Exhibits 10.1 and 10.2, respectively, and are incorporated by reference herein.

***Exchange Agreement***

On January 3, 2022, the Company and AG Energy Funding, LLC, a Delaware limited liability company ("AGEF") and an affiliate of the Second Lien Agent, entered into an Exchange Agreement (the "Exchange Agreement") pursuant to which, and effective immediately

upon the consummation of the transactions contemplated by the Purchase Agreement and the First Lien Release Agreement, AGEF transferred to the Company all of AGEF's claims outstanding under the Second Lien Debt Agreement (the "Claims") in exchange for the Company's issuance to AGEF of 685,505 shares of the Company's preferred stock, par value $0.01 per share, designated as "Series A Preferred Stock" (the "Preferred Stock"), having the terms set forth in the Preferred Stock Certificate of Designation (the "Certificate"; such exchange between the Company and AGEF, the "Exchange"). Effective upon the Exchange, all of the Claims in favor of AGEF were automatically deemed paid and satisfied in full, discharged, terminated, released, and cancelled for all purposes under the Second Lien Debt Agreement.

Any proceeds distributed to the Company's stockholders or otherwise received in respect of the capital stock of the Company in a merger or other liquidity event will be allocated among the Preferred Stock and the Company's common stock as follows: (1) first, 100% to the Preferred Stock until the Preferred Stock has received $100 million of proceeds in the aggregate (the "Tier One Preference Amount"), (2) second, 95% to the Preferred Stock and 5% to the Company's common stock until the Preferred Stock has received $137.1 million (which is equal to the amount of the aggregate Claims outstanding under the Second Lien Debt Agreement) plus a 6.0% annual rate of return thereon from the date hereof; (3) thereafter, 75% to the Preferred Stock and 25% to the Company's common stock. The Exchange Agreement also provides for the potential funding by AGEF of an additional amount up to $12.0 million, which may be funded following closing if agreed to by AGEF and the disinterested members of the Company's Board of Directors. Any such additional amount funded will result in an increase to the Tier One Preference Amount equal to 1.5 x the amount of such additional funding. The shares of Preferred Stock will vote together as a single class with the Company's common stock, and each share of Preferred Stock will entitle the holder thereof to 69 votes. Accordingly, AGEF's ownership of the Preferred Stock will entitle it to approximately 85% of the voting power of the Company's outstanding capital stock.

In connection with the consummation of the Exchange Agreement, on January 3, 2022, the Second Lien Parties entered into an Amendment No. 2 to Forbearance Agreement (the "Second Lien Forbearance") with respect to the Second Lien Debt Agreement. Under the Second Lien Forbearance, the parties thereto agreed to (i) extend the temporary forbearance period under the Forbearance Agreement until January 14, 2022, unless terminated earlier by a "Forbearance Termination Event" (as defined in the Second Lien Forbearance), and (ii) amend certain other terms of the Forbearance Agreement. Subject to the terms and conditions set forth in the Second Lien Forbearance, the Second Lien Agent and the Second Lien Lenders agreed to release their liens and security interests on the Assets being sold by the Company to Lime Rock under the Purchase Agreement.

The foregoing description of the Exchange Agreement, the Certificate and the Second Lien Forbearance is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the complete text of the Exchange Agreement, the Certificate, and the Second Lien Forbearance, which are filed herewith as Exhibits 10.3, 3.1 and 4.1, and 10.4, respectively, and are incorporated by reference herein.

In connection with the proposed Sale of the Assets to Lime Rock, as contemplated by the Purchase Agreement, and the proposed Exchange of AGEF's claims outstanding under the Second Lien Debt Agreement for the Preferred Stock, as contemplated by the Exchange Agreement, the Board of Directors of the Company (the "Board") requested that Petrie Partners Securities, LLC ("Petrie") render opinions as to whether the Purchase Price and the Exchange are fair, from a financial point of view, to the Company. Petrie represented the Company in the broadly marketed sale of the Assets and is currently acting as financial advisor to the Board and to the Special Committee of the Board in connection with the proposed Exchange. On January 2, 2022, Petrie delivered opinions to the Board, dated January 3, 2022 (the "Fairness Opinions"), stating that the Purchase Price and the Exchange are fair, from a financial point of view, to the Company.

A Special Committee consisting of Brian Melton, Ralph Cox, and Dr. Angela A. Steffen Meyer was appointed by the Board to negotiate the transactions contemplated by the Exchange Agreement. The Special Committee unanimously recommended the transactions contemplated by the Exchange Agreement to the full Board, and such transactions were unanimously approved by the Board.

**Item 1.02 Termination of a Material Definitive Agreement.**

As set forth in the First Lien Release Agreement, and the Exchange Agreement, the First Lien Debt Agreement and the Second Lien Debt Agreement will be terminated upon consummation of the transactions set forth in the Purchase Agreement, the First Lien Release Agreement, and the Exchange Agreement. See Item 1.01 of this Current Report on Form 8-K.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

See Item 1.01 of this Current Report on Form 8-K.

**Item 3.02 Unregistered Sales of Equity Securities.**

The Company's issuance of the Preferred Stock under the Exchange Agreement, as described in Item 1.01, did not involve a public offering and was exempt from the requirements of the Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 4(a)(2) of the Securities Act.

**Item 3.03 Material Modification to Rights of Security Holders.**

Upon issuance of the Preferred Stock, as described in Item 1.01, the ability of the Company to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of its common stock will be subject to certain restrictions in the event that the Company fails to pay dividends on its Preferred Stock. These restrictions are set forth in the Certificate establishing the terms of the Preferred Stock, which is filed herewith as Exhibits 3.1 and 4.1 and incorporated herein by reference.

**Item 5.01 Changes in Control of Registrant.**

Following the Company's issuance of the Preferred Stock to AGEF as contemplated by the Exchange Agreement and described in Item 1.01 of this Current Report on Form 8-K, a change of control of the Company occurred. AGEF's ownership of the Preferred Stock results in its beneficial ownership, both directly and indirectly, of approximately 85% of the voting securities of the Company. The consideration for the Preferred Stock is set forth in Item 1.01.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

In connection with the transactions contemplated by the Exchange Agreement, Mr. Ralph F. Cox and Dr. Angela A. Steffen Meyer tendered letters of resignation to the Board in which they resigned from their positions on the Board. In accordance with the terms of the Exchange Agreement, the resignations are effective at 8:00 a.m. Houston time on January 3, 2022 (the "Closing"). At the time of their resignations, Mr. Cox served as a Class I member of the Board, Dr. Meyer served as a Class III member of the Board, and both held positions on the Company's Audit, Compensation, and Nominating Committees, with Mr. Cox being the Chairman of the Compensation Committee and Dr. Meyer being the Chairman of the Nominating Committee. Mr. Cox and Dr. Meyer resigned from the Board given the change of control of the Company described in Item 5.01 of this Current Report on Form 8-K and in accordance with the conditions of Closing set forth in the Exchange Agreement described in Item 1.01. Mr. Robert L.G. Watson will continue to serve as a Class II member of the Board until the expiration of his term when he stands for re-election in 2023. Mr. Brian L. Melton will continue to serve as a Class III member of the Board until the expiration of his term when he stands for re-election in 2022.

In accordance with the terms of the Exchange Agreement, on January 3, 2022, the Board voted to increase the size of the Board from four to five directors and to appoint Todd Dittmann, Damon Putman and Daniel Baddeloo as members of the Board to fill the vacancies created by the resignations of Mr. Cox and Dr. Meyer and the expansion of the Board. The appointments of Todd Dittmann and Damon Putman took effect immediately following completion of the Exchange on January 3, 2022, and Daniel Baddeloo's appointment will take effect following the mailing of a Schedule 14f-1 to the Company's stockholders and the expiration of a ten day waiting period following such mailing. The Company expects the waiting period to expire, and Daniel Baddeloo's appointment to take effect in January 2022. Mr. Dittmann, will fill the vacancy created by the resignation of Mr. Cox and serve as a Class I director until he or his successor is duly elected and qualified at the 2024 annual meeting of the Company's stockholders, Mr. Putman will fill the vacancy created by the resignation of Dr. Meyer and serve as a Class III director and Mr. Baddeloo will be also be appointed to serve as a Class III direct until they or their successors are duly elected and qualified at the 2022 annual meeting of the Company's stockholders, or in the case of all three new directors until their earlier death, resignation, retirement, disqualification, or removal. The Board intends to determine on which committees the three new directors will serve at its first board meeting following the transactions. There are no related-party transactions that would be required to be disclosed under Item 404(a) of Regulation S-K of the Securities Act with respect to Mr. Dittmann, Mr. Putman, or Mr. Baddeloo.

All three newly appointed members of the Board are affiliated with Angelo, Gordon & Co. L.P. ("Angelo Gordon"), an affiliate of AGEF. Mr. Dittmann is a managing director and member of the executive committee, Mr. Baddeloo is a vice president, and Mr. Putman is a managing director of Angelo Gordon. Upon the effectiveness of their appointment to the Company's Board, Mr. Dittmann, Mr. Baddeloo, and Mr. Putman will become subject to Section 16 of the Securities Exchange Act of 1934.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On January 2, 2022, the Board of Directors adopted an amendment to the Company's Bylaws, which will become effective as of the closing of the transactions described in this Current Report on Form 8-K. Specifically, a new Article X was added to establish the inapplicability of the "Controlling Interest Statues" set for in the Nevada Revised Statutes Sections 78.378 through 78.3793. The foregoing description of the amendment to the Company's Bylaws is a summary only, does not purport to be complete, and is qualified in its entirety by reference to the complete text of the amendment, which is filed herewith as Exhibits 3.1, and is incorporated by reference herein.

**Item 9.01 FinancialStatements and Exhibits.**

(d) Exhibits.

| | |
|---|---|
| 3.1 | Certificate of Designation of Series A Preferred Stock |
| 3.2 | Amendment to Bylaws of Abraxas Petroleum Corporation, effective January 3, 2022 |
| 4.1 | Certificate of Designation of Series A Preferred Stock |
| 10.1 | Asset Purchase and Sale Agreement by and between the Company and Lime Rock |
| 10.2 | Settlement and Lien Release Agreement by and between the Company and the First Lien Agent |
| 10.3 | Exchange Agreement by and between the Company and AGEF |
| 10.4 | Amendment No. 2 to Forbearance Agreement by and between the Company and the Second Lien Agent |
| 99.1 | Press Release dated January 3, 2022 |
| 104 | Cover Page Interactive Data File (Embedded within the Inline XBRL document) |

**SIGNATURE**

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 hereunto duly authorized.

**ABRAXAS PETROLEUM CORPORATION**

By: /s/ Steven P. Harris
Steven P. Harris
Vice President, Chief Financial Officer

Dated: January 3, 2022

**Exhibit 3.1**

**Final**

**ABRAXAS PETROLEUM CORPORATION**

**CERTIFICATE OF DESIGNATION**
**OF**
**SERIES A PREFERRED STOCK**
**(Par Value $0.01 Per Share)**

Abraxas Petroleum Corporation, a Nevada corporation (the "**Corporation**"), hereby certifies that, pursuant to the authority expressly granted to and vested in the Board (as defined below) by the Articles of Incorporation of the Corporation (as heretofore amended and as further amended from time to time, the "**Articles of Incorporation**"), which authorizes the Board, by resolution, to set forth the designation, powers, preferences and relative, participating, optional and other special rights, if any, and the qualifications, limitations and restrictions thereof, in one or more series of up to 1,000,000 shares of preferred stock, par value $0.01 per share (the "**Preferred Stock**"), and in accordance with the provisions of Nevada Revised Statutes ("**NRS**") 78.1955, the Board has duly adopted the following resolution, which resolution remains in full force and effect on the date hereof:

**RESOLVED**, that pursuant to the authority granted to and vested in it, the Board hereby creates a new series consisting of 685,505 shares of Preferred Stock, designated as Series A Preferred Stock, and hereby fixes the powers, preferences and relative, participating, optional and other special rights, if any, and the qualifications, limitations and restrictions thereof, of such series of Preferred Stock as set forth in this certificate of designation (this "**Certificate of Designation**"):

1. ***General***.

(a) There shall be created from the 1,000,000 shares of Preferred Stock of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of Preferred Stock designated as "Series A Preferred Stock" par value $0.01 per share (the "**Series A Preferred Stock**"), and the authorized number of shares of Series A Preferred Stock shall be 685,505. Shares of Series A Preferred Stock that are converted, purchased or otherwise acquired by the Corporation shall be automatically cancelled and shall revert to authorized but unissued shares of Series A Preferred Stock, without any action of the Board required, and shall be available for future designation and re-issuance.

(b) The Series A Preferred Stock, with respect to dividend and distribution rights and rights upon the liquidation, winding-up or dissolution or any other Insolvency or Liquidation Proceeding of the Corporation, ranks: (i) senior to all Junior Stock; (ii) on a parity with all Parity Stock; (iii) junior to all Senior Stock; and (iv) junior to existing and future indebtedness and liabilities of the Corporation.

2. ***Definitions***. As used herein, the following terms shall have the following meanings:

(a) **"Accreted Preference Amount"** shall mean, with respect to each share of Series A Preferred Stock, an amount equal to the sum of (a) the Initial Preference Amount with respect to such share of Series A Preferred Stock plus (b) an amount equal to a 6.0% per annum return on such Initial Preference Amount, compounding quarterly on March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2022, which amount shall accumulate and accrue on a day-to-day basis from the Initial Issue Date until the applicable date of distribution pursuant to Section 3(a)(ii).

(b) "**Articles of Incorporation**" shall have the meaning specified in the preamble.

(c) "**Bankruptcy Code**" means Title 11 of the United States Code, as amended or any similar federal or state law for the relief of debtors.

(d) "**Bankruptcy Law**" means the Bankruptcy Code and any other federal, state or foreign law for the relief of debtors, or any arrangement, reorganization, insolvency, moratorium, assignment for the benefit of creditors, any other marshalling of the assets or liabilities of the Corporation, or similar law affecting creditors' rights generally.

(e) "**Board**" shall mean the Board of Directors of the Corporation or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(f) "**Business Day**" shall mean any day other than Saturday, Sunday or a day on which the Federal Reserve Bank of New York or banks in the State of Nevada are authorized or required by law or executive order to close or be closed.

(g) "**Capital Stock**" shall mean, for any entity, any and all shares, equity interests, rights to purchase, warrants, options, equity participations or other equity equivalents of or equity interests in (however designated) capital stock issued by that entity.

(h) "**Certificate of Designation**" shall have the meaning specified in the preamble.

(i) "**Common Stock**" means the Common Stock, par value $0.01 per share, of the Corporation.

(j) "**Corporation**" shall have the meaning specified in the preamble.

(k) "**Deemed Liquidation Event**" means:

(i) a merger or consolidation in which (x) the Corporation is a constituent party or (y) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation; or

(ii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one (1) or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

(l) "**Holder**" shall mean a holder of shares of Series A Preferred Stock.

(m) **"Initial Holder**" means AG Energy Funding, LLC, a Delaware limited liability company.

(n) "**Initial Issue Date**" shall mean the first date of original issuance of a particular share of the Series A Preferred Stock.

(o) "**Initial Preference Amount**" shall mean, with respect to each share of Series A Preferred Stock, $200.

(p) "**Insolvency or Liquidation Proceeding**" shall mean: (a) any case commenced by or against the Corporation under any Bankruptcy Law, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Corporation, any receivership or assignment for the benefit of creditors relating to the Corporation or any similar case or proceeding relative to the Corporation, its creditors or its equity holders, as such, in each case whether or not voluntary; (b) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Corporation, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or (c) any other proceeding of any type or nature in which substantially all claims of creditors of or equity interests in the Corporation are determined and any payment or distribution is or may be made on account of such claims or interests.

(q) "**Junior Stock**" shall mean (i) the Common Stock and (ii) each other class or series of the Corporation's Capital Stock established after the Initial Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series A Preferred Stock as to dividend rights, redemption rights or distribution rights upon the liquidation, winding-up or dissolution or other Insolvency or Liquidation Proceeding of the Corporation.

(r) "**Ownership Notice**" shall mean the notice of ownership of Capital Stock of the Corporation containing the information required to be set forth or stated on certificates pursuant to the NRS or other applicable law and, in the case of an issuance of Capital Stock by the Corporation (including the Series A Preferred Stock), in substantially the form attached hereto as Exhibit A.

(s) "**Parity Stock**" shall mean any class or series of the Corporation's Capital Stock established after the Initial Issue Date, the terms of which expressly provide that such class or series will rank on parity with the Series A Preferred Stock as to dividend rights, redemption rights or distribution rights upon the liquidation, winding up or dissolution or other Insolvency or Liquidation Proceeding of the Corporation.

(t) "**Preferred Stock**" shall have the meaning specified in the preamble.

(u) "**SEC**" shall mean the Securities and Exchange Commission.

(v) "**Securities Act**" shall mean the Securities Act of 1933, as amended.

(w) "**Exchange Agreement**" shall mean that certain Exchange Agreement dated as of January 3, 2022 by and among the Initial Holder and the Corporation.

(x) "**Senior Stock**" shall mean any class or series of the Corporation's Capital Stock established after the Initial Issue Date, the terms of which expressly provide that such class or series will rank senior to the Series A Preferred Stock as to dividend rights, redemption rights or distribution rights upon the liquidation, winding up or dissolution of the Corporation.

(y) "**Series A Preferred Stock**" shall have the meaning specified in Section 1(a).

(z) "**Tier One Preference Amount**" means, for each share of Series A Preferred Stock, (i) $145.88, *plus* (ii) an amount equal to (A) (1) the aggregate amount of all capital contributions made by the Initial Holder following the Initial Issue Date pursuant to Section 1.1(b) of the Exchange Agreement (2) *multiplied by* 1.5, *divided by* (B) the number of outstanding shares of Series A Preferred Stock.

(aa) "**Transfer Agent**" shall mean American Stock Transfer & Trust Company, LLC, acting as the Corporation's duly appointed transfer agent, registrar, redemption, conversion and dividend disbursing agent for the Series A Preferred Stock. The Corporation may, in its sole discretion, remove the Transfer Agent with 10 days' prior notice to the Transfer Agent and Holders; *provided* that the Corporation shall appoint a successor Transfer Agent who shall accept such appointment prior to the effectiveness of such removal.

3. ***Distribution Priority; Liquidation, Dissolution or Winding Up; Deemed Liquidation Events.***

(a) From and after the Initial Issue Date, all dividends or distributions of any kind or character to the Corporation's stockholders (including in the event of any voluntary or involuntary liquidation, dissolution or winding up or other Insolvency or Liquidation Proceeding of the Corporation or Deemed Liquidation Event), shall be made in the following manner:

(i) *First*, the holder of each share of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders (or any distribution in any Insolvency or Liquidation Proceeding) before any payment shall be made to the holders of any Junior Stock by reason of their ownership thereof, an amount per share equal to the Tier One Preference Amount;

(ii) *Second*, (A) 95% to the holders of shares of Series A Preferred Stock pro rata in proportion to the number of shares of Series A Preferred Stock held by them and (B) 5% to the holders of Junior Stock in accordance with the respective rights, preferences and privileges of such Junior Stock and pro rata in proportion to the number of shares of Junior Stock held by each of them, until each share of Series A Preferred Stock has received an amount equal to its Accreted Preference Amount as of the applicable date of determination; and

(iii) *Thereafter*, (A) 75% to the holders of shares of Series A Preferred Stock pro rata in proportion to the number of shares of Series A Preferred Stock held by each of them and (B) 25% to the holders of Junior Stock in accordance with the respective rights, preferences and privileges of such Junior Stock and pro rata in proportion to the number of shares of Junior Stock held by each of them.

(b) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in clause (a) of the definition thereof unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation in such Deemed Liquidation Event shall be allocated to the holders of capital stock of the Corporation in accordance with Section 3(a). The amount deemed paid or distributed to the holders of capital stock of the Corporation in any such Deemed Liquidation Event shall be the cash or the value of the property, rights or securities to be paid or distributed to such holders pursuant to such Deemed Liquidation Event.

(c) The value of any property, rights or securities (other than cash) that are distributed or deemed distributed to the holders of shares of Series A Preferred Stock shall be determined in good faith by the Board of Directors of the Corporation, which determination shall be conclusive for all purposes under this Certificate of Designation.

(d) In the event the assets of the Corporation available for distribution to the Holders upon any liquidation, winding up or dissolution or other Insolvency or Liquidation Proceeding of the Corporation or in connection with any Deemed Liquidation Event, whether voluntary or involuntary, shall be insufficient to pay in full the Tier One Preference Amount of each share of Series A Preferred Stock then outstanding, such Holders shall share, equally and ratably in proportion to the number of shares of Series A Preferred Stock held by them, in any such distribution of the assets of the Corporation.

4. ***Dividends***. The Corporation shall not declare, pay or set aside any dividends or distributions on shares of any class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) other than in the order of priority for distributions to the holders of shares of capital stock of the Corporation set forth in Section 3.

5. ***Voting; Other Rights***.

(a) *Voting*.

(i) On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock shall be entitled to cast 69 votes for each share of Series A Preferred Stock held by such holder as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law (including the Bankruptcy Code) or by the other provisions of this Certificate of Designation, holders of Series A Preferred Stock shall vote together with the holders of Common Stock as a single class. If the Corporation shall at any time or from time to time after the Initial Issue Date effect a subdivision or combination of the outstanding Common Stock or declare or dividend on the Common Stock in shares of Common Stock, then the number of votes that may be exercised by each share of Series A Preferred Stock shall be proportionately adjusted such that any such subdivision, combination or Common Stock dividend does not result in a change in the relative voting power of the Series A Preferred Stock as compared to the Common Stock. If the Corporation shall at any time or from time to time after the Initial Issue Date effect a

subdivision or combination of the outstanding Series A Preferred Stock, then the number of votes that may be exercised by each share of Series A Preferred Stock shall be proportionately adjusted such that any such subdivision or combination does not result in a change in the relative voting power of the Series A Preferred Stock as compared to the Common Stock.

(b) So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, and shall cause its subsidiaries not to, without the affirmative vote or consent of the Holders of at least a majority in voting power of the shares of Series A Preferred Stock outstanding at the time, voting together as a separate class, given in person or by proxy, either in writing or at a meeting (*provided*, *however*, that so long as the Initial Holder holds a majority of the issued and outstanding shares of Series A Preferred Stock, the Initial Holder may waive by written notice to the Corporation the requirement that the Corporation seek consent of the holders of the Series A Preferred Stock pursuant to this Section 5(b) in respect of any matter set forth herein):

(i) authorize or create, or increase the authorized amount of, or issue any class or series of Senior Stock or Parity Stock (including the Series A Preferred Stock) or reclassify any of the authorized capital stock of the Corporation into shares of Senior Stock or Parity Stock (including the Series A Preferred Stock), or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any shares of Senior Stock or Parity Stock (including the Series A Preferred Stock);

(ii) amend, alter or repeal the provisions of the Articles of Incorporation or this Certificate of Designation, whether by merger, consolidation or otherwise;

(iii) effect any Deemed Liquidation Event;

(iv) take any action to commence any Insolvency or Liquidation Proceeding, or otherwise liquidate or dissolve the Corporation or authorize, declare or initiate general assignments to creditors, file a voluntary bankruptcy petition, petition for liquidation or dissolution or consent to the appointment or appoint a trustee, receiver or liquidator of the Corporation or any of its subsidiaries or consent to the commencement of any Insolvency or Liquidation Proceeding; or

(v) agree or commit to take any of the foregoing actions.

6. ***Certificates; Transfers.***

(a) *Uncertificated Shares*.

(i) Form. The shares of Series A Preferred Stock shall be in uncertificated, book entry form as permitted by the bylaws of the Corporation and the NRS. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall, or shall cause the Transfer Agent to, send to the registered owner thereof an Ownership Notice.

(ii) Transfer. Transfers of Series A Preferred Stock held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation kept at an office of the Transfer Agent upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock. The Corporation may refuse any requested transfer until furnished evidence reasonably satisfactory to it that such transfer is made in accordance with the terms of this Certificate of Designation.

7. ***Waiver of Corporate Opportunity***.

(a) To the fullest extent permitted by applicable law (including, without limitation, Section 78.070(8) of the Nevada Revised Statutes), and except as may be otherwise expressly agreed in writing by the Corporation and AG Energy Funding, LLC (together with its affiliates, "AG"): (i) the Corporation, on behalf of itself and its subsidiaries, hereby renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities, which are from time to time presented to AG, any of its affiliates or subsidiaries, any directors or officers of the Corporation that are employees or affiliates of AG or any affiliate of AG, or any of AG's or any of its affiliate's managers, officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries (other than the Corporation and its subsidiaries), even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so; and (ii) no such person or entity shall be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a stockholder, director or officer or otherwise, by reason of the fact that such person or entity pursues or acquires such business opportunity, directs such business opportunity to another person or entity or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries.

8. ***Other Provisions***.

(a) With respect to any notice to a Holder required to be provided hereunder, neither failure to send such notice, nor any defect therein or in the sending thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) All notice periods referred to herein shall commence: (i) when made, if made by hand delivery, and upon confirmation of receipt, if made by electronic mail or facsimile; (ii) one Business Day after being deposited with a nationally recognized next-day courier, postage prepaid; or (iii) three Business Days after being by first-class mail, postage prepaid. Notice to any Holder shall be given to the registered address set forth in the Corporation's records for such Holder. Any payment required to be made hereunder on any day that is not a Business Day shall be made on the next succeeding Business Day.

*[The Remainder of this Page Intentionally Left Blank]*

**EXHIBIT A**

**Ownership Notice**

THE SECURITIES IDENTIFIED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THE FOREGOING LEGEND WILL BE REMOVED AND A NEW OWNERSHIP NOTICE PROVIDED WITH RESPECT TO THE SECURITIES IDENTIFIED HEREIN UPON THE REQUEST OF THE HOLDER AFTER THE EXPIRATION OF THE APPLICABLE HOLDING PERIOD WITH RESPECT TO RESTRICTED SECURITIES SET FORTH IN RULE 144 UNDER THE SECURITIES ACT.

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE ARTICLES OF INCORPORATION OF ABRAXAS PETROLEUM CORPORATION (THE "**CORPORATION**"), INCLUDING ANY CERTIFICATES OF DESIGNATION (AS FURTHER AMENDED AND/OR RESTATED FROM TIME TO TIME, THE "**CHARTER**"), THE CORPORATION IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OF STOCK OR MORE THAN ONE SERIES OF ANY CLASS AND THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. THE SHARES EVIDENCED BY THIS NOTICE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF THE CHARTER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE CORPORATION AND WILL BE PROVIDED, WITHOUT COST, UPON WRITTEN REQUEST TO THE SECRETARY. THE TERMS OF THE CHARTER ARE HEREBY INCORPORATED INTO THIS NOTICE BY REFERENCE.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

This letter confirms and acknowledges that you are the record owner of the number and the class or series of shares of capital stock of the Corporation listed on **Schedule A** to this letter.

Dated:

[_____]

By: _____

Name:

Title:

**Exhibit 3.2**

**Amendment to Bylaws of Abraxas Petroleum Corporation**

Effective January 3, 2022, the Bylaws of Abraxas Petroleum Corporation were amended by adding a new Article X, as follows:

"ARTICLE X

INAPPLICABILITY OF CONTROLLING INTEREST STATUTES

The provisions of NRS 78.378 through 78.3793, inclusive, shall not be applicable to the Exchange Agreement or the Assignment and Assumption Agreement, each by and between the Corporation and AG Energy Funding, LLC (together with its affiliates, "AG"), or any of the transactions contemplated thereby, including, without limitation, the issuance by the Corporation, and the acquisition by AG, of shares of Series A Preferred Stock of the Corporation in accordance therewith and the Certificate (as defined in the Exchange Agreement). This Article X shall not be amended or repealed prior to the eleventh calendar day after the Closing (as defined in the Exchange Agreement)."

**Exhibit 4.1**

**Final**

**ABRAXAS PETROLEUM CORPORATION**

**CERTIFICATE OF DESIGNATION**
**OF**
**SERIES A PREFERRED STOCK**
**(Par Value $0.01 Per Share)**

Abraxas Petroleum Corporation, a Nevada corporation (the "**Corporation**"), hereby certifies that, pursuant to the authority expressly granted to and vested in the Board (as defined below) by the Articles of Incorporation of the Corporation (as heretofore amended and as further amended from time to time, the "**Articles of Incorporation**"), which authorizes the Board, by resolution, to set forth the designation, powers, preferences and relative, participating, optional and other special rights, if any, and the qualifications, limitations and restrictions thereof, in one or more series of up to 1,000,000 shares of preferred stock, par value $0.01 per share (the "**Preferred Stock**"), and in accordance with the provisions of Nevada Revised Statutes ("**NRS**") 78.1955, the Board has duly adopted the following resolution, which resolution remains in full force and effect on the date hereof:

**RESOLVED**, that pursuant to the authority granted to and vested in it, the Board hereby creates a new series consisting of 685,505 shares of Preferred Stock, designated as Series A Preferred Stock, and hereby fixes the powers, preferences and relative, participating, optional and other special rights, if any, and the qualifications, limitations and restrictions thereof, of such series of Preferred Stock as set forth in this certificate of designation (this "**Certificate of Designation**"):

1. ***General***.

(a) There shall be created from the 1,000,000 shares of Preferred Stock of the Corporation authorized to be issued pursuant to the Articles of Incorporation, a series of Preferred Stock designated as "Series A Preferred Stock" par value $0.01 per share (the "**Series A Preferred Stock**"), and the authorized number of shares of Series A Preferred Stock shall be 685,505. Shares of Series A Preferred Stock that are converted, purchased or otherwise acquired by the Corporation shall be automatically cancelled and shall revert to authorized but unissued shares of Series A Preferred Stock, without any action of the Board required, and shall be available for future designation and re-issuance.

(b) The Series A Preferred Stock, with respect to dividend and distribution rights and rights upon the liquidation, winding-up or dissolution or any other Insolvency or Liquidation Proceeding of the Corporation, ranks: (i) senior to all Junior Stock; (ii) on a parity with all Parity Stock; (iii) junior to all Senior Stock; and (iv) junior to existing and future indebtedness and liabilities of the Corporation.

2. ***Definitions***. As used herein, the following terms shall have the following meanings:

(a) **"Accreted Preference Amount"** shall mean, with respect to each share of Series A Preferred Stock, an amount equal to the sum of (a) the Initial Preference Amount with respect to such share of Series A Preferred Stock plus (b) an amount equal to a 6.0% per annum return on such Initial Preference Amount, compounding quarterly on March 31, June 30, September 30 and December 31 of each year, commencing on March 31, 2022, which amount shall accumulate and accrue on a day-to-day basis from the Initial Issue Date until the applicable date of distribution pursuant to Section 3(a)(ii).

(b) "**Articles of Incorporation**" shall have the meaning specified in the preamble.

(c) "**Bankruptcy Code**" means Title 11 of the United States Code, as amended or any similar federal or state law for the relief of debtors.

(d) "**Bankruptcy Law**" means the Bankruptcy Code and any other federal, state or foreign law for the relief of debtors, or any arrangement, reorganization, insolvency, moratorium, assignment for the benefit of creditors, any other marshalling of the assets or liabilities of the Corporation, or similar law affecting creditors' rights generally.

(e) "**Board**" shall mean the Board of Directors of the Corporation or, with respect to any action to be taken by the Board of Directors, any committee of the Board of Directors duly authorized to take such action.

(f) "**Business Day**" shall mean any day other than Saturday, Sunday or a day on which the Federal Reserve Bank of New York or banks in the State of Nevada are authorized or required by law or executive order to close or be closed.

(g) "**Capital Stock**" shall mean, for any entity, any and all shares, equity interests, rights to purchase, warrants, options, equity participations or other equity equivalents of or equity interests in (however designated) capital stock issued by that entity.

(h) "**Certificate of Designation**" shall have the meaning specified in the preamble.

(i) "**Common Stock**" means the Common Stock, par value $0.01 per share, of the Corporation.

(j) "**Corporation**" shall have the meaning specified in the preamble.

(k) "**Deemed Liquidation Event**" means:

(i) a merger or consolidation in which (x) the Corporation is a constituent party or (y) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation; or

(ii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one (1) or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

(l) "**Holder**" shall mean a holder of shares of Series A Preferred Stock.

(m) **“Initial Holder**” means AG Energy Funding, LLC, a Delaware limited liability company.

(n) “**Initial Issue Date**” shall mean the first date of original issuance of a particular share of the Series A Preferred Stock.

(o) “**Initial Preference Amount**” shall mean, with respect to each share of Series A Preferred Stock, $200.

(p) “**Insolvency or Liquidation Proceeding**” shall mean: (a) any case commenced by or against the Corporation under any Bankruptcy Law, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Corporation, any receivership or assignment for the benefit of creditors relating to the Corporation or any similar case or proceeding relative to the Corporation, its creditors or its equity holders, as such, in each case whether or not voluntary; (b) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Corporation, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or (c) any other proceeding of any type or nature in which substantially all claims of creditors of or equity interests in the Corporation are determined and any payment or distribution is or may be made on account of such claims or interests.

(q) “**Junior Stock**” shall mean (i) the Common Stock and (ii) each other class or series of the Corporation’s Capital Stock established after the Initial Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on a parity with the Series A Preferred Stock as to dividend rights, redemption rights or distribution rights upon the liquidation, winding-up or dissolution or other Insolvency or Liquidation Proceeding of the Corporation.

(r) “**Ownership Notice**” shall mean the notice of ownership of Capital Stock of the Corporation containing the information required to be set forth or stated on certificates pursuant to the NRS or other applicable law and, in the case of an issuance of Capital Stock by the Corporation (including the Series A Preferred Stock), in substantially the form attached hereto as Exhibit A.

(s) “**Parity Stock**” shall mean any class or series of the Corporation’s Capital Stock established after the Initial Issue Date, the terms of which expressly provide that such class or series will rank on parity with the Series A Preferred Stock as to dividend rights, redemption rights or distribution rights upon the liquidation, winding up or dissolution or other Insolvency or Liquidation Proceeding of the Corporation.

(t) “**Preferred Stock**” shall have the meaning specified in the preamble.

(u) “**SEC**” shall mean the Securities and Exchange Commission.

(v) “**Securities Act**” shall mean the Securities Act of 1933, as amended.

(w) “**Exchange Agreement**” shall mean that certain Exchange Agreement dated as of January 3, 2022 by and among the Initial Holder and the Corporation.

(x) "**Senior Stock**" shall mean any class or series of the Corporation's Capital Stock established after the Initial Issue Date, the terms of which expressly provide that such class or series will rank senior to the Series A Preferred Stock as to dividend rights, redemption rights or distribution rights upon the liquidation, winding up or dissolution of the Corporation.

(y) "**Series A Preferred Stock**" shall have the meaning specified in Section 1(a).

(z) "**Tier One Preference Amount**" means, for each share of Series A Preferred Stock, (i) $145.88, *plus* (ii) an amount equal to (A) (1) the aggregate amount of all capital contributions made by the Initial Holder following the Initial Issue Date pursuant to Section 1.1(b) of the Exchange Agreement (2) *multiplied by* 1.5, *divided by* (B) the number of outstanding shares of Series A Preferred Stock.

(aa) "**Transfer Agent**" shall mean American Stock Transfer & Trust Company, LLC, acting as the Corporation's duly appointed transfer agent, registrar, redemption, conversion and dividend disbursing agent for the Series A Preferred Stock. The Corporation may, in its sole discretion, remove the Transfer Agent with 10 days' prior notice to the Transfer Agent and Holders; *provided* that the Corporation shall appoint a successor Transfer Agent who shall accept such appointment prior to the effectiveness of such removal.

3. ***Distribution Priority; Liquidation, Dissolution or Winding Up; Deemed Liquidation Events.***

(a) From and after the Initial Issue Date, all dividends or distributions of any kind or character to the Corporation's stockholders (including in the event of any voluntary or involuntary liquidation, dissolution or winding up or other Insolvency or Liquidation Proceeding of the Corporation or Deemed Liquidation Event), shall be made in the following manner:

(i) *First*, the holder of each share of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders (or any distribution in any Insolvency or Liquidation Proceeding) before any payment shall be made to the holders of any Junior Stock by reason of their ownership thereof, an amount per share equal to the Tier One Preference Amount;

(ii) *Second*, (A) 95% to the holders of shares of Series A Preferred Stock pro rata in proportion to the number of shares of Series A Preferred Stock held by them and (B) 5% to the holders of Junior Stock in accordance with the respective rights, preferences and privileges of such Junior Stock and pro rata in proportion to the number of shares of Junior Stock held by each of them, until each share of Series A Preferred Stock has received an amount equal to its Accreted Preference Amount as of the applicable date of determination; and

(iii) *Thereafter*, (A) 75% to the holders of shares of Series A Preferred Stock pro rata in proportion to the number of shares of Series A Preferred Stock held by each of them and (B) 25% to the holders of Junior Stock in accordance with the respective rights, preferences and privileges of such Junior Stock and pro rata in proportion to the number of shares of Junior Stock held by each of them.

(b) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in clause (a) of the definition thereof unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation in such Deemed Liquidation Event shall be allocated to the holders of capital stock of the Corporation in accordance with Section 3(a). The amount deemed paid or distributed to the holders of capital stock of the Corporation in any such Deemed Liquidation Event shall be the cash or the value of the property, rights or securities to be paid or distributed to such holders pursuant to such Deemed Liquidation Event.

(c) The value of any property, rights or securities (other than cash) that are distributed or deemed distributed to the holders of shares of Series A Preferred Stock shall be determined in good faith by the Board of Directors of the Corporation, which determination shall be conclusive for all purposes under this Certificate of Designation.

(d) In the event the assets of the Corporation available for distribution to the Holders upon any liquidation, winding up or dissolution or other Insolvency or Liquidation Proceeding of the Corporation or in connection with any Deemed Liquidation Event, whether voluntary or involuntary, shall be insufficient to pay in full the Tier One Preference Amount of each share of Series A Preferred Stock then outstanding, such Holders shall share, equally and ratably in proportion to the number of shares of Series A Preferred Stock held by them, in any such distribution of the assets of the Corporation.

4. ***Dividends***. The Corporation shall not declare, pay or set aside any dividends or distributions on shares of any class or series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) other than in the order of priority for distributions to the holders of shares of capital stock of the Corporation set forth in Section 3.

5. ***Voting; Other Rights***.

(a) *Voting*.

(i) On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock shall be entitled to cast 69 votes for each share of Series A Preferred Stock held by such holder as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law (including the Bankruptcy Code) or by the other provisions of this Certificate of Designation, holders of Series A Preferred Stock shall vote together with the holders of Common Stock as a single class. If the Corporation shall at any time or from time to time after the Initial Issue Date effect a subdivision or combination of the outstanding Common Stock or declare or dividend on the Common Stock in shares of Common Stock, then the number of votes that may be exercised by each share of Series A Preferred Stock shall be proportionately adjusted such that any such subdivision, combination or Common Stock dividend does not result in a change in the relative voting power of the Series A Preferred Stock as compared to the Common Stock. If the Corporation shall at any time or from time to time after the Initial Issue Date effect a

subdivision or combination of the outstanding Series A Preferred Stock, then the number of votes that may be exercised by each share of Series A Preferred Stock shall be proportionately adjusted such that any such subdivision or combination does not result in a change in the relative voting power of the Series A Preferred Stock as compared to the Common Stock.

(b) So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, and shall cause its subsidiaries not to, without the affirmative vote or consent of the Holders of at least a majority in voting power of the shares of Series A Preferred Stock outstanding at the time, voting together as a separate class, given in person or by proxy, either in writing or at a meeting (*provided*, *however*, that so long as the Initial Holder holds a majority of the issued and outstanding shares of Series A Preferred Stock, the Initial Holder may waive by written notice to the Corporation the requirement that the Corporation seek consent of the holders of the Series A Preferred Stock pursuant to this Section 5(b) in respect of any matter set forth herein):

(i) authorize or create, or increase the authorized amount of, or issue any class or series of Senior Stock or Parity Stock (including the Series A Preferred Stock) or reclassify any of the authorized capital stock of the Corporation into shares of Senior Stock or Parity Stock (including the Series A Preferred Stock), or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any shares of Senior Stock or Parity Stock (including the Series A Preferred Stock);

(ii) amend, alter or repeal the provisions of the Articles of Incorporation or this Certificate of Designation, whether by merger, consolidation or otherwise;

(iii) effect any Deemed Liquidation Event;

(iv) take any action to commence any Insolvency or Liquidation Proceeding, or otherwise liquidate or dissolve the Corporation or authorize, declare or initiate general assignments to creditors, file a voluntary bankruptcy petition, petition for liquidation or dissolution or consent to the appointment or appoint a trustee, receiver or liquidator of the Corporation or any of its subsidiaries or consent to the commencement of any Insolvency or Liquidation Proceeding; or

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(a) *Uncertificated Shares*.

(i) Form. The shares of Series A Preferred Stock shall be in uncertificated, book entry form as permitted by the bylaws of the Corporation and the NRS. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall, or shall cause the Transfer Agent to, send to the registered owner thereof an Ownership Notice.

(ii) Transfer. Transfers of Series A Preferred Stock held in uncertificated, book-entry form shall be made only upon the transfer books of the Corporation kept at an office of the Transfer Agent upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock. The Corporation may refuse any requested transfer until furnished evidence reasonably satisfactory to it that such transfer is made in accordance with the terms of this Certificate of Designation.

7. ***Waiver of Corporate Opportunity***.

(a) To the fullest extent permitted by applicable law (including, without limitation, Section 78.070(8) of the Nevada Revised Statutes), and except as may be otherwise expressly agreed in writing by the Corporation and AG Energy Funding, LLC (together with its affiliates, "AG"): (i) the Corporation, on behalf of itself and its subsidiaries, hereby renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities, which are from time to time presented to AG, any of its affiliates or subsidiaries, any directors or officers of the Corporation that are employees or affiliates of AG or any affiliate of AG, or any of AG's or any of its affiliate's managers, officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries (other than the Corporation and its subsidiaries), even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so; and (ii) no such person or entity shall be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a stockholder, director or officer or otherwise, by reason of the fact that such person or entity pursues or acquires such business opportunity, directs such business opportunity to another person or entity or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries.

8. ***Other Provisions***.

(a) With respect to any notice to a Holder required to be provided hereunder, neither failure to send such notice, nor any defect therein or in the sending thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding-up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) All notice periods referred to herein shall commence: (i) when made, if made by hand delivery, and upon confirmation of receipt, if made by electronic mail or facsimile; (ii) one Business Day after being deposited with a nationally recognized next-day courier, postage prepaid; or (iii) three Business Days after being by first-class mail, postage prepaid. Notice to any Holder shall be given to the registered address set forth in the Corporation's records for such Holder. Any payment required to be made hereunder on any day that is not a Business Day shall be made on the next succeeding Business Day.

*[The Remainder of this Page Intentionally Left Blank]*

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**Ownership Notice**

THE SECURITIES IDENTIFIED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THE FOREGOING LEGEND WILL BE REMOVED AND A NEW OWNERSHIP NOTICE PROVIDED WITH RESPECT TO THE SECURITIES IDENTIFIED HEREIN UPON THE REQUEST OF THE HOLDER AFTER THE EXPIRATION OF THE APPLICABLE HOLDING PERIOD WITH RESPECT TO RESTRICTED SECURITIES SET FORTH IN RULE 144 UNDER THE SECURITIES ACT.

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE ARTICLES OF INCORPORATION OF ABRAXAS PETROLEUM CORPORATION (THE "**CORPORATION**"), INCLUDING ANY CERTIFICATES OF DESIGNATION (AS FURTHER AMENDED AND/OR RESTATED FROM TIME TO TIME, THE "**CHARTER**"), THE CORPORATION IS AUTHORIZED TO ISSUE MORE THAN ONE CLASS OF STOCK OR MORE THAN ONE SERIES OF ANY CLASS AND THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. THE SHARES EVIDENCED BY THIS NOTICE ARE SUBJECT TO THE OBLIGATIONS AND RESTRICTIONS STATED IN, AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH, THE PROVISIONS OF THE CHARTER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE CORPORATION AND WILL BE PROVIDED, WITHOUT COST, UPON WRITTEN REQUEST TO THE SECRETARY. THE TERMS OF THE CHARTER ARE HEREBY INCORPORATED INTO THIS NOTICE BY REFERENCE.

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

This letter confirms and acknowledges that you are the record owner of the number and the class or series of shares of capital stock of the Corporation listed on **Schedule A** to this letter.

Dated:

[_____]

By: _____

Name:

Title:

**Exhibit 10.1**

EXECUTION VERSION

# ASSET PURCHASE AND SALE AGREEMENT

**BY AND BETWEEN**

**ABRAXAS PETROLEUM CORPORATION**
**AS SELLER**

**AND**

**LIME ROCK RESOURCES V-A, L.P.**

**AS BUYER**

**DATED JANUARY 3, 2022**

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EXHIBITS



SCHEDULES

**ASSET PURCHASE AND SALE AGREEMENT**

This Asset Purchase and Sale Agreement (this "**Agreement**") is entered into as of this 3rd day of January 2022, by and between **ABRAXAS PETROLEUM CORPORATION**, a Nevada corporation ("**Seller**" or "**the Company**"), and **LIME ROCK RESOURCES V-A, L.P.**, a Delaware limited partnership ("**Buyer**"). Buyer and Seller are together referred to herein as the "**Parties**" and sometimes individually referred to as a "**Party**."

RECITALS:

A. Seller desires to effectuate a restructuring of Seller's existing indebtedness through a multi-part interdependent de-levering transaction consisting of: (i) the sale of certain oil, gas and mineral properties and other assets to Buyer pursuant to this Agreement; (ii) the pay down of a portion of the First Lien Debt (as defined below) from proceeds of such sale; and (iii) a debt for equity exchange of the Second Lien Debt (as defined below) and any First Lien Debt that remains outstanding following the pay down described in the foregoing clause (ii) for preferred equity interests in Seller.

B. In connection with the foregoing, Seller has entered into (a) that certain Settlement and Lien Release Agreement, dated as of the date hereof, by and among the Company, the lenders under the First Lien Debt Agreement and the First Lien Agent (as defined below) and certain hedge counterparties, pursuant to which (i) the First Lien Agent has agreed to release its liens and security interests arising under the First Lien Debt Agreement and (ii) the lenders and hedge counterparties under the First Lien Debt Agreement and the related secured hedge contracts have agreed to terminate the First Lien Debt Agreement and related loan documents and release any remaining obligations and liens upon payment of the Release Amount (as defined in such Settlement and Lien Release Agreement) (the "First Lien Release Agreement"), (b) that certain Amendment No. 2 to Forbearance Agreement, dated as of the date hereof, with the lenders and administrative agent under the Second Lien Debt Agreement (as defined below) (such Amendment, together with Forbearance Agreement dated March 31, 2021, to which it relates, the "Second Lien Forbearance"), (c) AG Energy Funding, LLC, a Delaware limited liability company ("AG"), and Seller have entered into that certain Exchange Agreement, dated as of the date hereof (the "Debt Exchange Agreement"), pursuant to which Seller will issue and sell Series A Preferred Stock of Seller in exchange for the transfer to the Company by AG of all its claims outstanding under the Second Lien Debt, which such claims will thereafter automatically be deemed paid and satisfied in full, discharged, terminated, released and cancelled for all purposes under the Second Lien Debt Agreement (such transactions referred to in clauses (a) through (c), collectively, the "Restructuring" and the First Lien Release Agreement, the Second Lien Forbearance, and the Debt Exchange Agreement, collectively, the "Restructuring Documents").

C. In order to effectuate the Restructuring, effective immediately prior to the consummation of the Restructuring, Seller desires to sell to Buyer certain oil, gas and mineral properties and other assets on the terms and conditions set forth in this Agreement.

D. Buyer desires to purchase from Seller such assets on the terms and conditions set forth in this Agreement.

Now, therefore, in consideration of the mutual agreements contained in this Agreement, Buyer and Seller agree as follows:

## ARTICLE I

## DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere herein, the following terms have the meanings ascribed to them below when used herein with initial capital letters:

(a) "**Affiliate**" means any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, another Person. The term "control" and its derivatives with respect to any Person means 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.

(b) "**Asset Tax**" means (i) any state or local personal or real property Tax relating to any portion of the Assets; and (ii) any state or local Tax that is based on or measured by the production of Hydrocarbons from the Assets or the receipt of proceeds therefrom, including any sales, use, value added, excise, severance, and ad valorem Taxes (but excluding any income Taxes, and any franchise, employment, labor, unemployment, or similar Tax).

(c) "**Assignments and Bills of Sale**" means the Assignments and Bills of Sale, substantially in the form attached hereto as Exhibit A, effecting the sale, transfer, conveyance and assignment of the Assets to Buyer.

(d) "**Bodily Injury Claims**" means Claims, Losses, Proceedings and Liabilities for physical injury to, or illness or death of, natural persons.

(e) "**Buyer Environmental Liabilities**" means any and all Claims, Losses, and Liabilities (including any damage to, or destruction or loss or diminution in value of any property, and any costs and expenses for the modification, repair, or replacement of any facilities on the lands covered by the Leases), other than Retained Environmental Liabilities, arising out of or relating to the Assets, the condition, ownership, maintenance, or use of the Assets, or operations on or with respect to the Assets, by any Person, whether before, on, or after the Effective Time, to the extent: (i) arising under any past, present, or future Environmental Law or any Permit issued under any past, present, or future Environmental Law or other Law, including any violation, breach, or noncompliance with any Environmental Law or with any such Permit; (ii) arising out of or relating to the assessment, clean-up, removal, or other remediation of any Hazardous Material or other waste or materials of any kind that are subject to regulation under any Environmental Law; or (iii) arising out of or relating to any Release of Hazardous Materials or other contamination or pollution of the Environment.

(f) "**Buyer Liabilities**" means all Claims, Losses, Proceedings and Liabilities (known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due) to the extent with regard to, in respect of, arising out of or attributable to the Assets, including those relating to the condition, ownership, operation, maintenance, or use of the Assets, or operations on or with respect to the Assets, whether arising or accruing before, on or after the Effective Time, but excluding in all cases (i) the Retained Liabilities, (ii) the Non-Asset Liabilities, and (iii) all Pre-Effective Time Liabilities, unless and until the earlier to occur of (A) third (3rd) yearly anniversary of the Closing Date and (B) such time as the aggregate amount of all Losses actually paid by Seller in respect of Pre-Effective Time Liabilities (including through any third party claim or pursuant to Seller's indemnity obligations hereunder) and/or Seller's other indemnity obligations under this Agreement (but, in each case, excluding any Losses paid by Seller in respect of Non-Asset Liabilities) equals or exceeds the Base Purchase Price, from and after which time all Pre-Effective Time Liabilities shall automatically become Buyer Liabilities and shall be assumed by Buyer for all purposes hereunder, except for those Claims, Losses, Proceedings and Liabilities asserted prior to the occurrence of such third yearly anniversary of the Closing Date, which shall remain the responsibility of Seller until the aggregate amount of all Losses actually paid by Seller in respect of Pre-Effective Time Liabilities (including through any third party claim or pursuant to Seller's indemnity obligations hereunder) and/or Seller's other indemnity obligations under this Agreement (but, in each case, excluding any Losses paid by Seller in respect of Non-Asset Liabilities) equals or exceeds the Base Purchase Price. Without limiting the generality of the foregoing (but excluding (x) the Retained Liabilities and the Non-Asset Liabilities in all cases and (y) the Pre-Effective Time Liabilities unless and until such Pre-Effective Time Liabilities become Buyer Liabilities as provided above), the Buyer Liabilities also include the following, to the extent relating to the Assets, whether arising or accruing before, on or after the Effective Time: (i) all Claims, Losses, and Liabilities for or in respect of Asset Taxes to the extent allocated to Buyer in Section 5.6; (ii) all Claims, Losses, and Liabilities for or in respect of transfer, sales, use, and other Taxes arising in connection with the consummation of the transactions contemplated by this Agreement, other than federal and state income and franchise Taxes; (iii) the Buyer Environmental Liabilities; and (iv) the Plugging and Abandonment Obligations.

(g) "**Certificate of Non-Foreign Status**" means a certificate substantially in the form attached hereto as Exhibit B.

(h) "**Claim**" means any notice, claim, demand, allegation, cause of action, chose in action, or other communication alleging or asserting Liability or seeking contribution, indemnification, cost recovery, or compensation for Losses or injunctive or other equitable relief.

(i) "**Code**" means the Internal Revenue Code of 1986, as amended.

(j) "**Confidentiality Agreement**" means the Confidentiality and Non-Disclosure Agreement, dated June 21, 2021 between Seller and Buyer.

(k) "**DSU**" means the proposed, established or hypothetical drilling, spacing or pooled units designated on Schedule 2.1(a)-3 formed by combining the Leases or portions thereof that include the lands described therein containing the Wells described in Schedule 2.1(a)-2.

(l) "**Effective Time**" means 12:01 a.m. (Central Time) on July 1, 2021.

(m) "**Employee Benefit Plan**" means an "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act (ERISA), and any other bonus, incentive compensation, deferred compensation, profit-sharing, stock-option, stock-appreciation right, stock-bonus, stock-purchase, employee-stock-ownership, savings, severance, change in control, supplemental unemployment, layoff, salary-continuation, retirement, pension, health, life-insurance, disability, accident, group-insurance, vacation, holiday, sick-leave, fringe-benefit, or welfare plan, and any other employee compensation or benefit plan, contract (including any collective bargaining agreement), policy, practice, commitment or understanding (whether qualified or non-qualified, currently effective or terminated, written or unwritten) and any trust, escrow or other agreement related thereto.

(n) "**Environment**" means soil, land surface, or subsurface strata, surface waters, groundwaters, stream sediments, ambient and other air, atmosphere, plant and animal life, or other environmental medium or natural resource.

(o) "**Environmental Laws**" means any Law in effect as of the date of this Agreement relating to: (i) protection of human health or the Environment; (ii) Liability for or costs of Remediation or prevention of Releases of Hazardous Materials; (iii) Liability for or costs of any other actual or future threat to human health or the Environment; or (iv) any wrongful death, personal injury, or property damage that is caused by or related to the generation, handling, treatment, storage, disposal, transportation, exposure to, or the presence of a Hazardous Material, including the Comprehensive Environmental Response, Compensation and Liability Act, the Emergency Planning and Community Right to Know Act, the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Solid Waste Disposal Act, the Clean Water Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act, the Occupational Safety and Health Act, the Federal Water Pollution Control Act, the Oil Pollution Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Endangered Species Act, the National Environmental Policy Act, any analogous state or local Laws, and all regulations promulgated pursuant to any of the foregoing.

(p) "**First Lien Agent**" means Société Générale in its capacity as administrative agent under the First Lien Debt Agreement, together with any successors thereto.

(q) "**First Lien Debt**" means all indebtedness and other obligations of the Company and any of its subsidiaries under the First Lien Debt Agreement, any terminated hedges secured by the collateral securing the First Lien Debt and all related loan and security documents, including all principal, interest and other fees and expenses due and owing thereunder.

(r) "**First Lien Debt Agreement**" means the Third Amended and Restated Credit Agreement dated as of June 11, 2014, by and among the Company, the financial institutions party thereto as Lenders (as defined therein), the Issuing Lender (as defined therein), and the First Lien Agent, as amended, supplemented or otherwise modified from time to time.

(s) "**Fraud**" means actual fraud by a Party with regard to the subject matter of the express representations and warranties made by such Party in this Agreement (as modified, in the case of Seller, by the Schedules attached hereto), which involves an intentional misrepresentation by such Party of such representations and warranties or an intentional concealment of facts with respect to such representations and warranties, with the intent of inducing the other Party to enter into this Agreement and upon which such other Party has relied to its detriment (as opposed to any fraud claim based on constructive knowledge, negligent misrepresentation or a similar theory under applicable Law).

(t) "**Governmental Authority**" means any federal, state, local, tribal, or foreign government, court of competent jurisdiction, administrative or regulatory body, agency, bureau, commission, governing body of any national securities exchange, or other governmental authority or instrumentality in any domestic or foreign jurisdiction, and any appropriate division of any of the foregoing.

(u) "**Hazardous Material**" means any: (i) petroleum, waste oil, crude oil, asbestos, urea formaldehyde, or polychlorinated biphenyl; (ii) waste, gas, or other substance or material that is explosive or radioactive; (iii) "hazardous substance," "pollutant," "contaminant," "solid waste," "hazardous waste," "regulated substance," "hazardous chemical," or "toxic chemical" as designated, listed, or defined (whether expressly or by reference) in any statute, regulation, Environmental Law, or other Law (including the Comprehensive Environmental Response, Compensation and Liability Act and any other so called "superfund" or "superlien" Law and the respective regulations promulgated thereunder); (iv) other substance or material (regardless of physical form) that is subject to regulation under any Environmental Law or other Law that regulates or establishes standards of conduct in connection with, or that otherwise relates to, the protection of human health, plant life, animal life, natural resources, property, or the enjoyment of life or property from the presence in the Environment of any solid, liquid, gas, odor, noise, or form of energy; or (v) compound, mixture, solution, product, or other substance or material that contains any substance or material referred to in clause (i), (ii), (iii), or (iv) above.

(v) "**Hydrocarbons**" means crude oil, natural gas, casinghead gas, condensate, sulphur, natural gas liquids, plant products, and other liquid or gaseous hydrocarbons produced in association with the foregoing, including coalbed methane and gas and $CO^2$.

(w) "**Imbalance**" means any Hydrocarbon production imbalance existing as of the Effective Time with respect to any of the Assets, together with any related rights or obligations as to future cash and/or gas or product balancing, as a result of, in the case of production imbalances, Seller having taken and sold for its account cumulative production which is greater or less than Seller's Net Revenue Interest share in cumulative production.

(x) "**Knowledge of Seller**" means the actual conscious awareness of Kenneth W. Johnson (Vice President of Operations), Tod A. Clarke (Vice President of Land), Colby Cline (Rockies Area Manager) or Gary Bayne (District Supervisor).

(y) "**Law**" means any federal, state, local, municipal, foreign, tribal, or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, proclamation, treaty, convention, rule, regulation, or decree, whether legislative, municipal, administrative, or judicial in nature, enacted, adopted, passed, promulgated, made, or put into effect by or under the authority of any Governmental Authority (including Environmental Laws).

(z) "**Liability**" means, with respect to any Person, any indebtedness or other liability or obligation of such Person of any kind, nature, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, in contract, tort, strict liability, or otherwise, including all costs and expenses relating to the foregoing.

(aa) "**Loss**" means, subject to Section 16.15, any actual loss, damage, injury, Liability, fine, sanction, penalty, Tax, charge, fee, cost (including costs incurred in settlement of any Proceeding), or expense (including any legal fees, expert fees, accounting fees, or advisory fees) of any kind or character.

(bb) "**Material Adverse Effect**" means any change, effect or circumstance that, individually or when taken together with all other such changes, effects or circumstances that have occurred prior to the date of determination of the occurrence of the Material Adverse Effect, has resulted in or is reasonably likely to result in a material adverse effect on the value, ownership or operation of the Assets, taken as a whole and as currently valued, owned or operated as of the date of the execution of this Agreement; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, in and of itself, arising out of or attributable to: (i) general economic conditions, political conditions or conditions generally affecting the industry in which Seller operates; (ii) any changes in financial, banking, securities or commodities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iii) acts of war (whether or not declared), armed hostilities or terrorism upon the United States, or the escalation or worsening thereof; (iv) any action expressly required by this Agreement or any action taken (or omitted to be taken) at the request or consent of Buyer; (v) any changes in applicable Laws or accounting rules, including GAAP, or the enforcement, implementation or interpretation of such Laws or rules; (vi) any natural or man-made disaster or acts of God; (vii) any failure by Seller to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded); (viii) the announcement or other disclosure of the transactions to be consummated under, or as referenced in, this Agreement; or (ix) changes to the credit markets in general, including changes in interest rates or the availability of financing.

(cc) "**Material Contract**" means any Contract: (i) that can reasonably be expected to result in aggregate payments or aggregate revenues of more than $100,000.00 during the current or any subsequent calendar year or $200,000.00 in the aggregate (based solely on the terms thereof and current volumes, without regard to any expected increase in volumes or revenues); (ii) that is an indenture, mortgage, deed of trust, UCC financing statement, loan, financing, indebtedness, credit or sale-leaseback or similar Contract that creates a lien on all or any portion of the Assets; (iii) that constitutes a lease under which Seller is the lessor or the lessee of real or personal property which lease cannot be terminated by Seller without penalty upon sixty (60) days or less notice; (iv) that is an operating agreement, a farmout agreement, participation agreement, exploration agreement, development agreement, joint venture agreement, unitization agreement, pooling agreement, injection, repressuring or recycling agreement or other similar Contract; (v) that contains a call on production; (vi) between Seller and any Affiliate of Seller that will not be terminated prior to Closing; (vii) that contains or constitutes an existing area of mutual interest agreement or an agreement to enter into an area of mutual interest agreement in the future; or (viii) that includes non-competition restrictions or other similar restrictions on doing business.

(dd) "**Non-Asset Liabilities**" means all Claims, Losses, Proceedings and Liabilities (known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due) only to the extent (i) not materially related to the condition, ownership, operation, maintenance, or use of the Assets or (ii) with regard to, in respect of, arising out of or attributable to (A) the Excluded Assets and any other assets of Abraxas or any of its Affiliates not included in the Assets; (B) current or former employees of Seller or its Affiliates including those related to Employee Benefit Plans; (C) ownership, operation, management, financing, or operation of Seller or any of its Affiliates; (D) the officers, directors, shareholders and other holders of rights or options in and to Seller or any of its Affiliates whether equity or debt; (E) Taxes of Seller or any of its Affiliates other than Asset Taxes; (F) violations of federal or state securities Laws and blue sky Laws by Seller or its Affiliates or any other claims relating to Seller's securities; (G) bankruptcy of Seller or any of its Affiliates; (H) fraudulent transfers relating to the Assets or any other assets of Seller or its Affiliates; (I) the Restructuring Documents and Restructuring; (J) any obligation or liability of Seller or any of its Affiliates to the extent not relating to the Assets; (K) actual (and not constructive) fraud by Seller or any of its Affiliates relating to claims made by a third party; (L) Seller or any of its Affiliates relationship with Angelo Gordon Energy Servicer, LLC, or any of its Affiliates; (M) contracts and agreements other than the Leases and Contracts; or (N) any other Claims, Losses, Proceedings and Liabilities to the extent not related to the condition, ownership, operation, maintenance, or use of the Assets, or operations on or with respect to the Assets.

(ee) "**Order**" means any order, judgment, injunction, edict, decree, ruling, assessment, stipulation, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered, or otherwise put into effect by or under the authority of any court or other Governmental Authority or any arbitrator or arbitration panel.

(ff) "**Permit**" means any permit, license, certificate of authority, franchise, concession, registration, or similar qualification or authorization issued, granted, or given by or under the authority of any Governmental Authority.

(gg) "**Permitted Encumbrances**" means any one or more of the following described below or created or described in documents described below:

(i) The terms and conditions of the Leases and any lessors' royalties, overriding royalties, net profits interests, carried interests, production payments, reversionary interests and similar burdens in favor of Seller or a third party if the net cumulative effect of such terms, conditions and burdens (A) does not reduce the interest of Seller with respect to all Hydrocarbons produced from any Well or DSU below the Net Revenue Interest for such Well or DSU set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3 as applicable, and (B) does not increase the Working Interest for such Well or DSU above the Working Interest for such Well or DSU set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3, as applicable, without a proportionate increase in Net Revenue Interest; and (C) is not reasonably expected to have a material effect on the exploration, development and production of the Assets;

(ii) All operating agreements, unit agreements, unit operating agreements, pooling agreements, pooling designations and Contracts (other than an indenture, mortgage, deed of trust, UCC financing statement, loan, financing, indebtedness, credit or sale-leaseback or similar Contract that creates a lien on all or any portion of the Assets) to the extent that such agreements (A) do not reduce the interest of Seller with respect to all Hydrocarbons produced from any Well or DSU below the Net Revenue Interest for such Well or DSU set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3, as applicable; (B) do not increase the Working Interest for any Well or DSU above the Working Interest for such Lease, Well or DSU set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3, as applicable, without a proportionate increase in Net Revenue Interest and (C) individually, are not reasonably expected to have a material effect on the exploration, development and production of the Assets;

(iii) All Orders and Permits to the extent the same (A) do not reduce the interest of Seller with respect to all Hydrocarbons produced from any Well or DSU below the Net Revenue Interest for such Well or DSU set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3, as applicable; (B) do not increase the Working Interest for any Well or DSU above the Working Interest for such Well or DSU set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3, as applicable, without a proportionate increase in Net Revenue Interest, and (C) individually, are not reasonably expected to have a Material Adverse Effect on the exploration and development of the Asset;

(iv) Division orders and production sales contracts terminable without penalty upon no more than sixty (60) days' notice to the purchaser;

(v) The Preferential Rights set forth on Schedule 8.10, and the Consents set forth on Schedule 8.20;

(vi) Materialman's, mechanic's, repairman's, employee's, contractor's, operator's and other similar liens or charges arising in the ordinary course of business for obligations that are not delinquent;

(vii) All rights to consent by, required notices to, filings with, or other actions by any Governmental Authority in connection with the sale or conveyance of oil and gas leases or interests therein;

(viii) Easements, rights-of-way, servitudes, Permits, surface leases and other rights in respect of surface operations that do not materially interfere with the oil and gas operations currently conducted on any Lease;

(ix) Liens arising under the Leases, operating agreements, unitization and pooling agreements and production sales contracts securing amounts not yet due or delinquent;

(x) Conventional rights of reassignment prior to release or surrender requiring notice to the holders of the rights;

(xi) Rights and interests of owners of any oil and gas interests in formations, strata, horizons, or depths other than those covered by the Leases;

(xii) Failure to record Leases issued by any Governmental Authority, or any assignments and transfers of such Leases, in the real property, conveyance, or other records of the county in which such Leases are located, provided that all subsequent instruments evidencing Seller's chain of title to such Leases are recorded with the Governmental Authority that issued any such Lease and such failure to record is in compliance and not inconsistent with the rules and regulations of the Governmental Authority issuing such Lease;

(xiii) Defects based on or arising out of the failure of a Lease to hold a specified number of net acres after the primary term of such Lease expires after the Closing Date due to a retained acreage or partial termination provision, or any similar provision in the Lease providing that the Lease will terminate except for a limited number of acres around each producing well;

(xiv) Lack of division orders for any Lease or Well, or failure to obtain waivers of maintenance of uniform interest or similar provisions in operating agreements burdening assignments in Seller's chain of title to the Lease unless there is a pending unresolved claim from a third party with respect to the failure to obtain such waiver;

(xv) Liens and encumbrances for current period Asset Taxes;

(xvi) All rights reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, and all applicable laws, rules and orders of any Governmental Authority;

(xvii) Any defects or irregularities which are based solely on a lack of information in Seller's files, references to any document if a copy of such document is not in Seller's files or of record, or the inability to locate an unrecorded instrument of which Buyer has constructive or inquiry notice by virtue of a reference to such unrecorded instrument in a recorded instrument, or a reference to an additional unrecorded instrument in such unrecorded instrument, if no claim has been made under such unrecorded instrument within the last twenty-five (25) years; and

(xviii) Except for purposes of Seller's special warranty of Defensible Title in the Assignments and Bills of Sale, such other defects or irregularities of title or encumbrances as Buyer may have waived.

(hh) "**Permitted Title Irregularities**" means the following minor defects in record title to the Assets; (i) any defect arising solely out of lack of survey or lack of metes and bounds descriptions, unless a survey or metes and bounds description is expressly required by applicable Law or is required for an adequate legal description; (ii) any defect in the chain of the title consisting of the failure to recite marital status in a document or omissions of succession or heirship proceedings, unless affirmative evidence shows that such failure or omission results in another party's actual and superior claim of title to the Assets; (iii) any defect arising out of lack of corporate or entity authorization, unless affirmative evidence shows that such corporate or entity action was not authorized and results in another party's actual and superior claim of title to the Assets; (iv) any defect arising by the failure to obtain verification of identity of people in a class,

heirship, or intestate succession, unless affirmative evidence shows that such failure results in another party's actual and superior claim of title to the Assets; (v) any defect arising out of or related to any tax sale or sheriff sale, including any failures or deficiencies of notice that occurred or were conducted more than twenty-five (25) years prior to the execution of this Agreement or for which no proceeding or cause of action is pending with any Governmental Authority where a third party has asserted a superior claim of title to the Assets; (vi) any lien, obligation, burden, or defect that has been cured by possession, passage of time or the applicable statute of limitations; (vii) any gap in the chain of title, unless such gap is confirmed by an abstract of title, title opinion, or landman's title chain or runsheet; (viii) any lien, obligation, burden, or defect arising from expired oil and gas leases relating to the Lands that are not surrendered or released of record, unless an abstract of title, title opinion, or landman's title chain or runsheet reflects a competing chain of title claimed by a third party; (ix) any lien, obligation, burden, or defect that affects only which Person has the right to receive royalty payment or payments from the proceeds of production and that does not affect the validity of the underlying Asset; or (x) the absence of any lease amendment, consent or ratification by any royalty interest or mineral interest holder authorizing the pooling of any leasehold interest, royalty interest, or mineral interest, provided that such absence does not reduce Seller's Net Revenue Interest as set forth on Schedule 2.1(a)-2 or Schedule 2.1(a)-3 as applicable.

(ii) "**Person**" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity.

(jj) "**Plugging and Abandonment Obligations**" means any and all responsibility and Liability for the following, arising out of or relating to the Assets, whether before, on, or after the Effective Time: (i) the necessary and proper plugging, replugging, and abandonment of all Wells; (ii) the necessary and proper removal, abandonment, and disposal of all structures, pipelines, equipment, inventory, abandoned property, trash, refuse, and junk located on or comprising part of the Assets; (iii) the necessary and proper capping and burying of all associated flow lines located on or comprising part of the Assets; (iv) the necessary and proper restoration of the surface and subsurface to the condition required by applicable Laws, Permits, Orders, and contracts and agreements; (v) the necessary and proper dismantling, salvaging, removal and abandonment of any and all equipment, inventory or other Assets; (vi) all Liabilities and obligations relating to the items described in clauses (i) through (v) above arising from requirements under contracts and agreements and Claims made by Governmental Authorities or third parties claiming any vested interest in the Assets; and (vii) obtaining and maintaining all bonds, surety arrangements, and supplemental or additional bonds and surety arrangements, that may be required by Laws, Permits, Orders, or contracts, or may otherwise be required by any Governmental Authorities with respect to the foregoing obligations.

(kk) "**Pre-Effective Time Liabilities**" means all liabilities of Seller to the extent with regard to, in respect of, arising out of or attributable to the condition, ownership, operation, maintenance, or use of the Assets, or operations on or with respect to the Assets and arising or accruing prior to the Effective Time, other than the Non-Asset Liabilities and the Retained Liabilities.

(ll) "**Proceeding**" means any action, proceeding, litigation, suit, or arbitration (whether civil, criminal, administrative, or judicial in nature) commenced, brought, conducted, or heard before any Governmental Authority, arbitrator or arbitration panel.

(mm) "**Release**" means any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching, or migration on or into the Environment.

(nn) "**Representative**" means, with respect to either Party, any director, officer, manager, employee, agent, consultant, advisor, or other representative of such Party, including legal counsel, accountants, lenders and financial advisors.

(oo) "**Retained Environmental Liabilities**" means all Claims, Losses, Proceeding and Liabilities (known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due) with regard to, in respect of, arising out of or attributable to (i) the off-site transportation and disposal by or on behalf of Seller of Hazardous Materials from or relating to the Assets in connection with Seller's operation thereof prior to the Effective Time, (ii) any fines or penalties under Environmental Law(s) assessed by any Governmental Authority against Seller in respect of the Assets prior to the Effective Time; or (iii) Bodily Injury Claims arising prior to the Effective Time out of or relating to any past or present environmental Releases, conditions or occurrences in, on or over the Assets or arising out of or relating to any past or present violation or noncompliance with any Environmental Law.

(pp) "**Retained Liabilities**" means all Claims, Losses, Proceedings and Liabilities (known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, due or to become due) to the extent with regard to, in respect of, arising out of or attributable to (i) Asset Taxes to the extent allocated to Seller in Section 5.6; (ii) any Proceeding pertaining to the Assets pending before any Governmental Authority or arbitrator as of the date of execution of this Agreement, including those set forth on Schedule 8.6; and (iii) the Retained Environmental Liabilities.

(qq) "**Second Lien Debt**" means all indebtedness and other obligations of the Company and its subsidiaries under the Second Lien Debt Agreement and all related loan and security documents, including all principal, interest and other fees and expenses due and owing thereunder.

(rr) "**Second Lien Debt Agreement**" means that certain Term Loan Credit Agreement, dated as of November 13, 2019, by and among the Company, the financial institutions party thereto as Lenders, and Angelo Gordon Energy Servicer, LLC, as administrative agent, as amended, supplemented or otherwise modified from time to time.

(ss) "**Tax**" or "**Taxes**" means any federal, state, local or tribal, income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), custom duties, capital stock, franchise, profits, withholding, social security (or similar excises), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

(tt) "**Transition Agreement**" means a transition agreement, substantially in the form attached hereto as Exhibit E, to be executed by the Parties at the Closing providing for the provision by Seller to Buyer of certain transition services for a limited period of time after the Closing, to the extent that employees of Seller are available therefor.

1.2 Terms. The following additional terms have the meanings ascribed to them in the Sections designated below:

| Defined Term | Section |
|---|---|
| AG | Preamble |
| Agreement | Preamble |
| Allocated Value/Allocated Values | 3.4 |
| Assets | 2.1 |
| Base Purchase Price | 3.2 |
| Buyer | Preamble |
| Buyer Group | 15.1 |
| Casualty | 8.27 |
| Closing | 4.1 |
| Closing Adjustment Statement | 5.1 |
| Closing Date | 4.1 |
| Contracts | 2.1(c) |
| Consents | 8.20 |
| Debt Exchange Agreement | Preamble |
| Deductible Amount | 15.2(b) |
| Defensible Title | 6.3 |
| Disclosed Environmental Matters | 8.9 |
| Exchange Transaction | 10.7(a) |
| Exchanging Party | 10.7(a) |
| Excluded Assets | 2.2 |
| First Lien Release Agreement | Preamble |
| Indemnified Party | 15.5 |
| Indemnifying Party | 15.5 |
| Intermediary | 10.7(c) |
| Leases | 2.1(a) |
| Net Revenue Interest | 6.3(a)(i) |
| Non-Exchanging Party | 10.7(a) |
| Over-Produced | 8.15 |
| Party/Parties | Preamble |
| Post-Closing Adjustment Statement | 5.3(a) |
| Preferential Right | 8.10 |
| Purchase Price | 3.2 |
| Records | 2.1(h) |
| Related Assets | 2.1(d) |
| Restructuring | Preamble |
| Restructuring Documents | Preamble |

| Defined Term | Section |
|---|---|
| Second Lien Forbearance | Preamble |
| Seller | Preamble |
| Seller Group | 15.3 |
| Suspense Funds | 5.4 |
| Survival Period | 15.2(a) |
| the Company | Preamble |
| Under-Produced | 8.15 |
| Wells | 2.1(a) |
| Working Interest | 6.3(a)(ii) |

## ARTICLE II

## SALE AND PURCHASE OF THE ASSETS

2.1 Acquired Assets. Subject to the terms and conditions of this Agreement, Seller agrees to sell, convey and deliver to Buyer, and Buyer agrees to purchase and acquire from Seller, all of Seller's right, title and interest in and to the following (collectively, the "**Assets**"):

(a) except to the extent described on Schedule 2.2, all of (i) the oil and gas leases listed on Schedule 2.1(a)-1 (the "**Leases**"), including the leasehold interests, mineral interests, royalty interests, overriding royalty interests, payments out of production, reversionary rights, contractual rights to development and/or production, and all other rights and interests relating thereto; (ii) any and all Hydrocarbons, water, CO2, disposal, injection or other wells located on or attributable to the Leases, including those identified on Schedule 2.1(a)-2 or Schedule 3.4 (the "**Wells**"); (iii) all easements, rights of way, and other rights, privileges, benefits and powers with respect to the use and occupation of the surface of, and the subsurface depths under, the land covered by the Leases or the lands used in the operation thereof; (iv) all rights and interests in respect of any pooled or unitized acreage located in whole or in part within each Lease, including all Hydrocarbon production from the pool or unit allocated to any such Lease and all interests in any wells within the unit or pool associated with such Lease, regardless of whether such unit or pool production comes from wells located within or without the Leases; and (v) all rights and interests in the DSUs including all Hydrocarbon production from the pool or unit allocated to any such DSU and all interests in any wells within such DSU regardless of whether such production comes from wells located within or without the Leases;

(b) all of the Hydrocarbons in and under the Leases and the DSUs or produced from the Wells or that is otherwise attributable thereto;

(c) except to the extent described on Schedule 2.2, and only to the extent assignable and applicable to the Assets, all licenses, servitudes, gas purchase and sale contracts (including interests and rights, if any, with respect to any prepayments, take-or-pay, buydown and buyout agreements) to the extent that the same pertain or relate to periods after the Effective Time, production sales contracts, farmin agreements, farmout agreements, bottom hole agreements, acreage contribution agreements, operating agreements, unit agreements, processing agreements, salt water disposal agreements, water injection agreements, well service agreements, gas balancing

agreements, division orders, transfer orders, options, leases of equipment or facilities, joint venture agreements, pooling agreements, transportation agreements, rights-of-way and other contracts, agreements and rights which are owned or held by Seller or to which Seller is a party, in whole or in part, and are appurtenant or relate to any Lease, Well or DSU (collectively, the "**Contracts**"), including but not limited to those set forth on Schedule 2.1(c);

(d) except to the extent described on Schedule 2.2, all of the real, personal and mixed property and facilities located in or on the Leases which is owned by Seller, in whole or in part, including surface and subsurface well equipment; casing; tanks; tank batteries; dehydration facilities; salt water gathering, disposal and injection systems; crude oil, natural gas, condensate or products in storage severed after the Effective Time; tubing; compressors; pumps; motors; valves; meters; separators; fixtures; machinery and other equipment, including field maintenance and communications systems related to the Leases and owned by Seller; SCADA system assets; temporary office buildings and the contents thereof; pipelines; gathering lines; field processing equipment; inventory and all other improvements used in the operation thereof (the "**Related Assets**");

(e) to the extent assignable, all Permits, as well as any applications for the same, related exclusively to the Leases, Wells or DSUs or the use or operation thereof;

(f) except to the extent described on Schedule 2.2, all surface fee interests, easements, permits, licenses, servitudes, rights of way, surface leases, surface and subsurface use agreements, and other rights to use the surface estate, in each case to the extent appurtenant to and used or held primarily for use in connection with the ownership or operation of the Leases, Wells, or DSUs;

(g) except to the extent described on Schedule 2.2, all inventory, vehicles, office leases, buildings, warehouses, yards, radio towers, radio licenses, radio equipment, furniture, office equipment, computers and related peripheral equipment, computer software, oil and gas accounting systems, and geologic or geophysical analysis software located in such facilities, in each case to the extent appurtenant to and used or held primarily for use in connection with the ownership or operation of the Leases, Wells, or DSUs (except to the extent the transfer of such assets is restricted by contract with a third party and such third party has not consented to the transfer), specifically including, without limitation, (x) the field office/tool shop, (y) the two residential houses located in Watford City, North Dakota, and (z) the field office located in Lusk, Wyoming, all as more particularly described on Schedule 2.1(g);

(h) except to the extent the same constitute or relate to any item, property, or interest described on Schedule 2.2, copies of all of Seller's files, records, data and electronically stored information relating to the items described in subsections (a), (b), (c), (d), (e), (f) and (g) above, including title records (title opinions, division order title opinions and any title curative documents); surveys, maps and drawings; contracts; correspondence; geological records and information; production records, electric logs, core data, pressure data, decline curves, prospect files and related information; graphical production curves and all related matters and construction documents; all geophysical and seismic records, data and information, including that identified on Schedule 2.1(h) (except (i) to the extent the transfer, delivery or copying of such records are restricted by contract with a third party and such third party has not consented to the transfer, delivery or copying of such documents; (ii) all documents and instruments of Seller that may be

protected by the attorney work-product or attorney-client privilege; (iii) all accounting and Tax files, books, records, Tax returns and Tax work papers related to such items; (iv) records relating to the disposition, and copies of records relating to the acquisition, by Seller (or proposed disposition) of the Assets, including proposals received from or made to, and records of negotiation with, any Person, and any economic analyses associated therewith) (collectively, the "**Records**");

(i) the Suspense Funds set forth in Section 5.4;

(j) all Seller leased and owned vehicles used in the operation of the Assets;

(k) the field offices, man camps, mobile homes and associated real property held or used in connection with the Assets and any Related Assets located thereon;

(l) the office leases held or used in connection with the Assets and any Related Assets located thereon;

(m) all Claims and causes of action, including any indemnity, bond, insurance or condemnation awards arising from acts, omissions or events or damage to or destruction of property, unpaid awards, other rights against third parties and claims for adjustments and refunds, but only to the extent attributable to any of the Buyer Liabilities or any period after the Effective Time, and excluding in all cases the same to the extent attributable to the Retained Liabilities or the Excluded Assets; and

(n) all audit rights, counterclaims, crossclaims, offsets or defenses and similar rights, but only to the extent attributable to any of the Buyer Liabilities or any period after the Effective Time and excluding in all cases the same to the extent attributable to the Retained Liabilities or the Excluded Assets.

2.2 Excluded Assets. Notwithstanding the foregoing, the Assets shall not include, and there is excepted, reserved and excluded from the purchase and sale contemplated herein, the following (collectively, the "**Excluded Assets**"):

(a) except to the extent relating to any Buyer Liabilities and except for which an upward adjustment has been made to the Purchase Price, all accounts receivable or rights to payment accruing or attributable to any period before the Effective Time, including the right to any payments with respect to any royalties or net profits, the full benefit of all liens and security for such accounts or rights to payment, and all rights, Claims, refunds, causes of action, or choses in action relating to the foregoing;

(b) except to the extent relating to any Buyer Liabilities and except for which an upward adjustment has been made to the Purchase Price, all rights to any refund of Taxes or other costs or expenses borne by Seller or Seller's predecessors in interest attributable to periods prior to the Effective Time, including amounts recoverable through audits with respect to periods prior to the Effective Time;

(c) all rights or interest of Seller in any intellectual property, industrial property, and other proprietary rights (or portion thereof), including any trademarks and trade names, other than the Records;

(d) all information entitled to legal privilege, including attorney work product and attorney-client communications (excluding title opinions), and information relating to the Excluded Assets;

(e) all studies related to reserve assessments and economic estimates and analyses;

(f) all records relating to the disposition, and copies of records relating to the acquisition, by Seller (or proposed disposition) of the Assets, including proposals received from or made to, and records of negotiation with, any Person, and any economic analyses associated therewith;

(g) all rights, interests, obligations and Liabilities in respect of any (i) futures trade, put option, synthetic put option, call option, or other arrangement relating to commodities entered into by a Person on any commodities exchange to hedge such Person's exposure to or to speculate on commodity prices; and (ii) swap, collar, floor or other derivative transaction or hedging arrangement of any type or nature whatsoever in the over-the-counter derivatives market;

(h) all deposits, surety bonds, rights under any letters of credit, and collateral pledged to secure any Liability or obligation of Seller in respect of the Assets;

(i) except to the extent relating to any Buyer Liabilities and except for which an upward adjustment has been made to the Purchase Price, and subject to Section 16.1(c), all rights under policies of insurance held by Seller or any of its Affiliates and claims under such policies, and all policies of insurance issued by Seller and its Affiliates;

(j) subject to Section 16.1(c), all guarantees, warranties and indemnities (other than the warranties and indemnities set forth in this Agreement or the Assignments and Bills of Sale) issued by or for the benefit of Seller or any of its Affiliates;

(k) Seller's area-wide bonds, permits and licenses and other permits, licenses or authorizations used in the conduct of Seller's business generally or Seller's business other than the Assets;

(l) except to the extent relating to any Buyer Liabilities, audit rights under operating agreements or other contracts or agreements with respect to periods before the Effective Time or in connection with any other Excluded Assets or Retained Liabilities (and Buyer will cooperate with Seller to facilitate Seller's exercise of such rights);

(m) subject to Section 16.1(c), all rights, Claims, refunds, causes of action, or choses in action of Seller under this Agreement or any other agreement or instrument entered into or delivered in connection with this Agreement, or the transactions contemplated hereby or arising out of or relating to any of the other Excluded Assets;

(n) to the extent relating to the other Excluded Assets or any matter for which Seller owes indemnity to Buyer hereunder, all warranties and rights to indemnification recoverable from any third party;

(o) all proceeds from the settlement or disposition of any Claims, Proceedings, or disputes to the extent such proceeds relate to any other Excluded Assets;

(p) all rights, interests, and properties not described in Section 2.1 that are neither located in the State of North Dakota nor held or used in connection with the Assets; and

(q) those other items listed or described on Schedule 2.2.

2.3 Buyer Liabilities, Retained Liabilities and Non-Asset Liabilities.

(a) On the terms and subject to the conditions of this Agreement, upon and subject to the Closing, Buyer hereby assumes and agrees to timely and fully pay, perform and otherwise discharge, without recourse to Seller or its Affiliates, all of the Buyer Liabilities.

(b) Provided that the Closing occurs, Seller shall retain and agrees to timely and fully pay, perform and otherwise discharge, without recourse to Buyer or its Affiliates, (i) all of the Retained Liabilities and Non-Asset Liabilities and (ii) all Pre-Effective Time Liabilities that have not become Buyer Liabilities.

2.4 "As Is, Where Is" Purchase. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, BUYER SHALL ACQUIRE THE ASSETS AND ASSUME THE BUYER LIABILITIES ON AN "AS IS, WHERE IS" AND "WITH ALL FAULTS" BASIS. BUYER HAS INSPECTED, OR WAIVED (AND UPON CLOSING SHALL BE DEEMED TO HAVE WAIVED) ITS RIGHT TO INSPECT, THE ASSETS FOR ALL PURPOSES AND SATISFIED ITSELF AS TO THEIR PHYSICAL AND ENVIRONMENTAL CONDITION, BOTH SURFACE AND SUBSURFACE, AND, EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, SHALL ASSUME ALL RISKS AND LIABILITIES THAT THERE MAY BE HAZARDOUS MATERIALS OR OTHER WASTE, TOXIC, HAZARDOUS, EXTREMELY HAZARDOUS, OR OTHER MATERIALS OR SUBSTANCES IN, ON OR UNDER THE ASSETS, OR THAT THE ASSETS HAVE ANY OTHER ADVERSE PHYSICAL CONDITIONS. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, FROM AND AFTER THE CLOSING, ALL RESPONSIBILITY AND LIABILITY RELATING TO ALL SUCH CONDITIONS, WHETHER KNOWN OR UNKNOWN, FIXED OR CONTINGENT, SHALL BE TRANSFERRED FROM SELLER TO BUYER, REGARDLESS OF WHEN THE LIABILITY OR RESPONSIBILITY AROSE.

## ARTICLE III

## PURCHASE PRICE

3.1 Deposit. Intentionally Omitted.

3.2 Purchase Price. The purchase price for the Assets is $87,200,000.00 (the "**Base Purchase Price**"), subject to adjustment as provided herein (as adjusted, the "**Purchase Price**").

3.3 Adjustments to the Base Purchase Price. At the Closing, adjustments to the Base Purchase Price shall be made, without duplication, as follows in accordance with Section 5.1.

(a) The Base Purchase Price shall be adjusted upward by:

(i) an amount equal to the amount of proceeds derived from the sale of Hydrocarbons, net of royalties, severance and ad valorem Taxes received by Buyer and attributable to the Wells which are, in accordance with generally accepted accounting principles, attributable to Seller pursuant to Section 5.2;

(ii) Asset Taxes in respect of periods (or portions thereof) beginning on or after the Effective Time and ending on or before the Closing Date paid by Seller;

(iii) an amount equal to the costs, expenses and other expenditures relating to the Assets (whether capitalized or expensed), including (i) royalties, overriding royalties, and similar burdens on production; (ii) rentals, shut-in well payments, and other lease maintenance payments; and (iii) all operating expenses (other than Seller's overhead) paid by Seller as a reasonable and prudent operator in the oil and gas industry consistent with past practice in the region where the Assets are located and in accordance with this Agreement, for the period from the Effective Time to the Closing Date;

(iv) all amounts owed to Seller by third parties as of the Effective Time under the Contracts with respect to any Imbalances existing at the Effective Time measured in accordance with Section 5.2, such amounts to be determined for Imbalances by multiplying the Imbalance volume by $1.00 per MMBtu; and

(v) any other amount agreed upon in writing by Seller and Buyer.

(b) The Base Purchase Price shall be adjusted downward by:

(i) an amount equal to the amount of proceeds derived from the sale of Hydrocarbons, net of royalties and severance and ad valorem Taxes paid by Seller, received by Seller and attributable to the Wells which are, in accordance with generally accepted accounting principles, attributable to Buyer pursuant to Section 5.2;

(ii) an amount equal to the costs, expenses and other expenditures relating to the Assets that are unpaid as of the Closing Date and assessed for or attributable to periods of time prior to the Effective Time (exclusive of the suspended proceeds transferred from Seller to Buyer at Closing pursuant to Section 5.4), regardless of how such costs, expenses and other expenditures are calculated, provided that to the extent the actual amounts cannot be determined prior to the agreement of Buyer and Seller with respect to the Closing Adjustment Statement, a reasonable estimate of such costs, expenses and other expenditures shall be used;

(iii) all amounts owed by Seller to third parties as of the Effective Time under the Contracts with respect to any Imbalances existing as of the Effective Time measured in accordance with Section 5.2, such amounts to be determined for Imbalances by multiplying the Imbalance volume by $1.00 per MMBtu; and

(iv) any other amount agreed upon in writing by Seller and Buyer.

(c) Seller shall have the right to collect any receivable, refund or other amounts associated with periods and derived from events occurring prior to the Effective Time. To the extent that Buyer collects any such receivable, refund or other amounts which do not adjust upward the Base Purchase Price pursuant to Section 3.3(a), Buyer shall promptly remit any such amounts to Seller.

(d) Buyer shall have the right to collect any receivable, refund or other amounts associated with periods and derived from events occurring from and after the Effective Time. To the extent that Seller collects any such receivable, refund or other amounts which do not adjust downward the Base Purchase Price pursuant to Section 3.3(b), Seller shall promptly remit any such amounts to Buyer.

(e) For all purposes under this Agreement, the determination of whether any amounts, monies, proceeds, receipts, credits, income, expenditures, costs, expenses, disbursements, obligations, liabilities and other matters are attributable to the period before, on or after the Effective Time shall be made in accordance with generally accepted accounting principles, provided that, to the extent applicable, the date of the performance of any service or delivery of the goods as reflected on the vendor's invoice for such costs shall be controlling for purposes of allocating same.

3.4 Allocation. The Base Purchase Price shall be allocated to the Assets as set forth on Schedule 3.4. Seller and Buyer agree that the values allocated to various portions of the Assets, which are set forth on Schedule 3.4 (singularly with respect to each item, the "**Allocated Value**," and, collectively, the "**Allocated Values**"), shall be binding on Seller and Buyer. Seller and Buyer each agree to report the federal, state and local income and other Tax consequences of the transactions contemplated herein, and in particular to report the information required by Section 1060 of the Code and to prepare Form 8594 (Asset Acquisition Statement under Section 1060), in a manner consistent with the terms of this Agreement (including the allocation set forth on Schedule 3.4, the Post-Closing Adjustment Statement and the amounts of the Buyer Liabilities) and shall not take any position inconsistent therewith upon examination of any Tax return, in any refund claim, in any litigation, investigation or otherwise unless required to do so by applicable Law after notice to the other Party or with such other Party's prior consent. Seller and Buyer agree that each shall furnish the other a copy of Form 8594 (Asset Acquisition Statement under Section 1060) proposed to be filed with the Internal Revenue Service by such Party or any Affiliate thereof within ten (10) days prior to the filing of such form with the Internal Revenue Service.

## ARTICLE IV

## CLOSING

4.1 Closing. The sale and purchase of the Assets and the assumption of the Buyer Liabilities (the "**Closing**") shall be held on or before January 3, 2022 (the "**Closing Date**"). The Closing will take place at the offices of Seller. The Closing shall be effective for all purposes as of the Effective Time.

4.2 Deliveries by Seller. At Closing, Seller shall deliver to Buyer:

(a) a certificate of an officer of Seller evidencing compliance with the conditions set forth in Section 12.1;

(b) the Assignments and Bills of Sale duly executed by Seller, including duly executed recordable counterparts for filing in the relevant individual counties where the Assets are located;

(c) a Certificate of Non-Foreign Status duly executed by Seller;

(d) the transfer orders (or letters in lieu thereof) to be executed by Seller pursuant to Section 10.2;

(e) change of operator forms executed by Seller and reasonably suitable for filing with applicable Governmental Authority;

(f) assignments of leases with any Governmental Authority duly executed by Seller pursuant to Section 10.6;

(g) special warranty deeds for the conveyance of certain fee Assets described in Section 2.1(g) as reasonably agreed to by the Parties, substantially in the form attached hereto as Exhibit F, as duly executed by Seller;

(h) Records, Contracts, Permits and governmental authorizations in accordance with Section 10.5;

(i) the Transition Agreement duly executed by Seller;

(j) a listing of suspended funds and the proceeds related thereto as required by Section 5.4; and

(k) except for any Permitted Encumbrances or Permitted Title Irregularities, complete executed releases in form and substance reasonably satisfactory to Buyer of all indentures, mortgages, deeds of trust, bonds, UCC financing statements, loans, financings, liens and similar Contracts encumbering the Assets, in each case, securing Seller's obligations for borrowed money, including but not limited to, those described in First Lien Debt Agreement and the Second Lien Debt Agreement.

4.3 Deliveries by Buyer. At Closing, Buyer shall deliver to Seller or Seller's designee:

(a) the Purchase Price set forth in the Closing Adjustment Statement by wire transfer of immediately available funds to the following account: Société Générale, ABA No. 026-004-226, Acct. LSG, Acct. No. 9051422, Attn. Cheriese Brathwaite, Ref. Abraxas.

(b) the Assignments and Bills of Sale duly executed by Buyer, including duly executed recordable counterparts for filing in the relevant individual counties where the Assets are located;

(c) a certificate of an officer of Buyer evidencing compliance with the conditions set forth in Section 13.1;

(d) change of operator forms executed by Buyer and reasonably suitable for filing with applicable Governmental Authority;

(e) evidence, reasonably satisfactory to Seller, of Buyer's compliance with Section 11.2, including copies of all bonds or letters of credit posted by Buyer and the acceptance thereof by applicable Governmental Authorities;

(f) the transfer orders (or letters in lieu thereof) to be executed by Buyer pursuant to Section 11.4;

(g) assignments of leases with any Governmental Authority duly executed by Buyer pursuant to Section 11.5;

(h) special warranty deeds for the conveyance of certain fee Assets described in Section 2.1(g) as reasonably agreed to by the Parties, substantially in the form attached hereto as Exhibit F, as duly executed by Buyer; and

(i) the Transition Agreement, if necessary, duly executed by Buyer.

4.4 Further Cooperation and Restructuring. At the Closing and thereafter as may be necessary, Seller and Buyer shall execute and deliver such other instruments and documents and take such other actions as may be reasonably necessary to evidence and effectuate the transactions contemplated by this Agreement. Seller agrees to commence the consummation of the Restructuring immediately following the completion of the Closing.

## ARTICLE V

## PURCHASE PRICE ADJUSTMENTS

5.1 Closing Adjustments. With respect to matters that can be determined as of the Closing, Seller shall prepare, in accordance with the provisions of this Section 5.1, a statement (the "**Closing Adjustment Statement**") with relevant supporting information setting forth each adjustment to the Base Purchase Price contemplated by Sections 3.3(a) and 3.3(b). Seller shall submit the Closing Adjustment Statement to Buyer, together with appropriate data supporting the calculation of amounts presented on the Closing Adjustment Statement, no later than three (3) business days prior to the scheduled Closing Date. When available, actual figures will be used for the adjustments at Closing. To the extent actual figures are not available, estimates shall be used subject to final adjustments as described in Section 5.3 below. Prior to the Closing, Buyer and Seller shall review the adjustments proposed by Seller in the Closing Adjustment Statement. Agreed upon adjustments shall be taken into account in computing adjustments to be made to the Base Purchase Price at the Closing. If Buyer and Seller do not agree upon any given proposed adjustments, the amounts in dispute shall be deferred to the final adjustments as described in Section 5.3, and the amount of any such adjustments as proposed by Seller shall be used for purposes of computing adjustments to be made to the Base Purchase Price at the Closing.

5.2 Strapping and Gauging. Seller has caused (or will cause) the Hydrocarbons in the storage facilities located on, or utilized in connection with, the Leases to be measured, gauged or strapped as of the Effective Time. Seller has caused the production meter charts (or if such do not exist, the sales meter charts) on the pipelines transporting Hydrocarbons from the Leases to be read as of such time. The marketable Hydrocarbons in such storage facilities above the pipeline connection or through the meters on the pipelines prior to the Effective Time shall belong to Seller, and the Hydrocarbons delivered to such storage facilities upstream of the aforesaid meters from and after the Effective Time shall belong to Buyer and be included in the Assets.

5.3 Post-Closing Adjustments.

(a) A post-closing adjustment statement (the "**Post-Closing Adjustment Statement**") based on the actual figures and reflecting the adjustments to the Base Purchase Price contemplated in Sections 3.3(a) and 3.3(b) shall be prepared and delivered by Seller to Buyer within one hundred twenty (120) days after the Closing, proposing final adjustments to the calculation of the Purchase Price based on the information then available. Seller or Buyer, as the case may be, shall be given reasonable access to and shall be entitled to a review and audit during normal business hours of the other Party's records pertaining to the computation of amounts claimed in the Post-Closing Adjustment Statement. In the preparation of the Post-Closing Adjustment Statement, Seller shall take into account Section 5.6.

(b) Within sixty (60) days after receipt of the Post-Closing Adjustment Statement, Buyer shall deliver to Seller a written statement describing in reasonable detail its objections (if any) to any amounts or items set forth on or omitted from the Post-Closing Adjustment Statement. If Buyer does not raise any objections within such period, then the Post-Closing Adjustment Statement shall become final and binding upon the Parties at the end of such period.

(c) If Buyer raises any objections to the Post-Closing Adjustment Statement, the Parties shall negotiate in good faith to resolve any such objections. If the Parties are unable to resolve any disputed item, then within thirty (30) days after Seller's receipt of Buyer's written objections to the Post-Closing Adjustment Statement, any such disputed item shall be submitted to KPMG US LLP, or such other Person as the Parties may mutually select. The resolution of disputes by the accounting firm so selected shall be set forth in writing and shall be conclusive, binding and non-appealable upon the Parties and the Post-Closing Adjustment Statement shall become final and binding upon the Parties on the date of such resolution. The fees and expenses of such accounting firm shall be paid one-half by Buyer and one-half by Seller.

(d) Within five (5) days after the Post-Closing Adjustment Statement has become final and binding on the Parties, Seller or Buyer, as the case may be, shall pay to the other such sums as are due to settle accounts between the Parties due to differences between the estimated Purchase Price paid at the Closing pursuant to the Closing Adjustment Statement and the actual Purchase Price set forth on the Post-Closing Adjustment Statement.

5.4 Suspended Funds. At the Closing, Seller shall provide to Buyer a listing showing all proceeds from production attributable to the Leases which are currently held in suspense and any interest payable thereon ("**Suspense Funds**") and, to the extent Seller is able to identify the reasons therefor, a statement of such reasons and the applicable records pertaining thereto and shall transfer to Buyer all of those suspended proceeds. Based on such information received from Seller, Buyer shall distribute such suspended proceeds that it receives from Seller but shall have no further liability for funds suspended by Seller.

5.5 Audit Adjustments. Except to the extent relating to any Buyer Liabilities and except for which an upward adjustment has been made to the Purchase Price (i) Seller retains all rights to adjustments resulting from any operating agreement and other audit claims asserted against third-party operators on transactions occurring prior to the Effective Time (which includes Buyer, if applicable), and (ii) any credit received by Buyer pertaining to such an audit claim shall be paid to Seller within thirty (30) days after receipt.

5.6 Asset Taxes.

(a) Proration. Subject to the provisions of Section 5.6(b) below, all Asset Taxes with respect to the Assets, other than such Taxes which are Buyer Liabilities, shall be prorated between Seller and Buyer as of the Effective Time on the Closing Adjustment Statement and on the Post-Closing Adjustment Statement. On such settlement statements, Seller will be responsible for Asset Taxes attributable to time periods prior to the Effective Time and Buyer will be responsible for Asset Taxes for time periods on and after the Effective Time.

(b) Liability of Buyer. Asset Taxes attributable to periods of time prior to the Effective Time, to the extent not actually assessed or otherwise determined as of the date of Closing (for purposes of the Closing Adjustment Statement) and as of the date of the Post-Closing Adjustment Statement (for purposes of the Post-Closing Adjustment Statement), shall be computed based on each applicable Tax for the preceding tax year and prorated between Seller and Buyer as of the Effective Time on the Closing Adjustment Statement and prorated and readjusted as appropriate on the Post-Closing Adjustment Statement in accordance with such calculation methodology and any additional assessment, determination or corrective information received as of the date of the Post-Closing Adjustment Statement.

(c) Refunds of Asset Taxes paid (or to the extent payable but not paid due to offset against other Taxes) with respect to or attributable to the Assets shall be diligently pursued and promptly paid by the Party receiving the benefit of the payment or offset as follows: (a) except to the extent relating to any Buyer Liabilities and except for which an upward adjustment has been made to the Purchase Price, to Seller if attributable to Asset Taxes with respect to any Tax year or portion thereof ending on or before the Effective Time; and (b) except to the extent relating to any Retained Liabilities or any Non-Asset Liabilities and except for which a downward adjustment has been made to the Purchase Price, to Buyer if attributable to Asset Taxes with respect to any Tax year or portion thereof beginning from and after the Effective Time.

5.7 Cooperation. Each Party covenants and agrees to cooperate in all reasonable respects in the pursuit and payment of amounts referred to in Sections 5.3, 5.5 and 5.6.

## ARTICLE VI

## DUE DILIGENCE; TITLE MATTERS

6.1 General Access. Intentionally Omitted.

6.2 Seller's Title.

(a) Seller hereby warrants that it has Defensible Title (as defined below) to all of the Assets and shall forever defend such Assets unto Buyer against every Person lawfully claiming the Assets or any part thereof, by, through or under Seller and not otherwise, but with full subrogation and substitution of Buyer in and to all covenants, representations and warranties of Seller's predecessors in title. Except as provided in the immediately preceding sentence, all of Seller's interests in the Assets are to be sold "AS IS" AND "WHERE IS" AND WITHOUT WARRANTY OF MERCHANTABILITY, CONDITION OR FITNESS FOR A PARTICULAR PURPOSE, EITHER EXPRESS OR IMPLIED. THE SPECIAL WARRANTY OF DEFENSIBLE TITLE DESCRIBED ABOVE IS THE EXCLUSIVE WARRANTY OF TITLE TO THE ASSETS BETWEEN BUYER AND SELLER AND IS IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF TITLE, EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE. The documents to be executed and delivered by Seller to Buyer transferring the Assets to Buyer shall be consistent with this Agreement and substantially in the form set forth in Exhibit A.

(b) Buyer acknowledges and agrees that Seller cannot and does not covenant or warrant that Buyer or its Affiliate shall become successor operator of all or any portion of the Assets, since the Assets or portions thereof may be subject to unit, pooling, communization, operating or other agreements which control the appointment of a successor operator.

6.3 Defensible Title. As used herein the term "**Defensible Title**" shall mean, subject to all Permitted Encumbrances and Permitted Title Irregularities, that title deducible of record or to the extent set forth on Schedule 2.1(a)-2, evidenced by the provisions of any joint, unit or other operating agreements or governmental orders relating to the Assets, that, although not constituting perfect or marketable title, can be successfully defended if challenged, which:

(a) as to each of the Wells:

(i) entitles Seller to receive not less than the interests shown on Schedule 2.1(a)-2 as the "**Net Revenue Interest**" of all Hydrocarbons produced, saved and marketed from such Well, all without reduction, suspension or termination of the Net Revenue Interest in each Well throughout the productive life of such Well, except (x) as stated in such Schedule; and (y) as such Net Revenue Interest may be reduced from time to time due to: (A) the establishment after the date of this Agreement of units, or changes in existing units (or the participating areas therein) after the date of this Agreement, whether voluntary or by Order; (B) the exercise after the date of this Agreement of non-consent rights under applicable operating agreements; or (C) the entry into of pooling, spacing, proration, communitization, unitization, or similar agreements after the date of this Agreement;

(ii) obligates Seller to bear a percentage of the costs and expenses relating to the maintenance and development of, and operations relating to, each Well not greater than the "**Working Interest**" shown on Schedule 2.1(a)-2 without a proportionate increase in the Net Revenue Interest, all without increase of the Working Interest in such Well through the plugging and abandonment of such Well, except (x) as stated in such Schedule; and (y)

as such Working Interest may be adjusted from time to time due to: (A) the establishment after the date of this Agreement of units, or changes in existing units (or the participating areas therein) after the date of this Agreement, whether voluntary or by Order; (B) the exercise after the date of this Agreement of non-consent rights under applicable operating agreements; or (C) the entry into of pooling, spacing, proration, communitization, unitization, or similar agreements after the date of this Agreement.

(b) is free and clear of any material defects, liens, encumbrances and irregularities, except for the Permitted Encumbrances and Permitted Title Irregularities.

6.4 Defect Letters. Intentionally Omitted.

6.5 Rights and Remedies for Title Defects. Intentionally Omitted.

6.6 Possible Upward Adjustment. Intentionally Omitted.

## ARTICLE VII

## ENVIRONMENTAL ASSESSMENT

7.1 Physical Condition of the Assets. Intentionally Omitted.

7.2 Inspection and Testing. Intentionally Omitted.

7.3 Notice of Environmental Defects. Intentionally Omitted.

7.4 Rights and Remedies for Environmental Defects. Intentionally Omitted.

7.5 Remediation. Intentionally Omitted.

## ARTICLE VIII

## REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants as follows:

8.1 Status of Formation. Seller is a corporation duly organized, validly existing and in good standing under the laws of the state of Nevada.

8.2 Authority. Seller has the requisite corporate power and authority to enter into this Agreement, to carry out the transactions contemplated hereby, to transfer the Assets in the manner contemplated by this Agreement, and to undertake all of the obligations of Seller set forth in this Agreement. The execution, delivery and performance of this Agreement by Seller, and the transactions contemplated hereby, will not (a) violate any provision of Seller’s certificate of incorporation or bylaws; (b) conflict with, breach or result in a material default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation or acceleration of any of the terms, conditions or provisions or any material note, bond, mortgage, indenture or agreement to which Seller is a party or by which Seller or any of the Assets are bound; (c) violate any judgment, order, ruling or decree applicable to Seller; or (d) violate any Law.

8.3 Validity of Obligations. The execution, delivery and performance of this Agreement, and the performance of the transactions contemplated hereby, have been duly and validly authorized by all necessary corporate action on the part of Seller, including, without limitation, approval by Seller's board of directors and lenders. This Agreement has been duly executed and delivered by Seller, and any documents or instruments to be executed and delivered by Seller at Closing will be duly executed and delivered by Seller. This Agreement and any documents or instruments delivered by Seller at the Closing shall constitute legal, valid and binding obligations of Seller, enforceable in accordance with their terms.

8.4 Authorizations for Expenditures. Except as set forth on Schedule 8.4, with respect to the joint, unit or other operating agreements relating to the Assets, there are no outstanding calls or payments in excess of $150,000.00 (net to Seller's interest) under authorizations for expenditures for payments relating to the Assets which are due or which Seller has committed to make which have not been made.

8.5 Contractual Restrictions. Except as set forth on Schedule 8.5, Seller has not entered into, and the Assets are not otherwise subject to, any contracts for the sale or transportation of production not cancelable on greater than thirty (30) days' notice or received prepayments, take-or-pay arrangements, buydowns, buyouts for Hydrocarbons, or storage of the same relating to the Assets which Buyer shall be obligated to honor and make deliveries of Hydrocarbons or pay refunds of amounts previously paid under such contracts or arrangements.

8.6 Litigation. Except as set forth on Schedule 8.6, there is no Proceeding pending or, to the Knowledge of Seller, threatened, relating to the Assets or Seller's ownership or operation thereof.

8.7 Permits. With respect to Assets for which Seller is the operator, except as set forth on Schedule 8.7, Seller (a) has acquired all Permits from appropriate Governmental Authorities to conduct operations on the Assets in material compliance with applicable Laws; and (b) is in compliance in all material respects with all such Permits.

8.8 Taxes. Except as set forth on Schedule 8.8, with respect to the Assets, on and for all periods prior to Closing: (a) Seller has filed all Asset Tax returns required to be filed by Seller, (b) all Asset Taxes shown to be due on such returns have been paid, (c) there is no material dispute or Claim concerning any Asset Tax liability of Seller claimed or raised by any Tax authority in writing, and (d) none of the Assets are subject to any tax partnership agreement or provisions requiring a partnership income tax return to be filed under Subchapter K of Chapter 1 of Subtitle A of the Code or any similar state statute.

8.9 Environmental Laws. Except as set forth on any of Schedules 8.6, 8.7 or 8.9 (collectively, "**Disclosed Environmental Matters**"), as of the date of this Agreement, with respect to the Assets operated by Seller, and to the Knowledge of Seller with respect to the Assets not operated by Seller, the Assets have been operated in compliance in all material respects with all applicable Environmental Laws. To the Knowledge of Seller, there are no Hazardous

Materials present in quantities or concentrations at, on, or under the Assets and there has been no release of Hazardous Materials at, under, in, or from the Assets which applicable Environmental Laws would require reporting to a Governmental Authority or which would result in an obligation to conduct Remediation or other response at any such Assets under any Environmental Law, any Permit, or under any environmental provisions of Leases or Contracts. Seller has made available or will make available to Buyer complete and correct copies of all material environmental site assessment reports and studies, audits, analyses and correspondence regarding environmental matters relating to the Assets that are in the possession or control of Seller or its Affiliates. To the Knowledge of Seller, there are no existing material Liabilities that would constitute Buyer Environmental Liabilities.

8.10 Preferential Purchase Rights. Except as set forth on Schedule 8.10, none of the Assets, or any portion thereof, is subject to any preferential rights to purchase applicable to the transactions contemplated by this Agreement ("**Preferential Rights**").

8.11 Material Contracts.

(a) Schedule 2.1(c) sets forth all Contracts, including all Material Contracts, as indicated thereon.

(b) Neither Seller nor, to the Knowledge of Seller, any third party is in default, in each case in any material respect under any Lease or Material Contract, nor, to the Knowledge of Seller, does there exist any event or condition that, upon giving of appropriate notice or the lapse of time, would constitute a default in any material respect or entitle any party to a Lease or Material Contract to terminate such Lease or Material Contract. As of the date of this Agreement, Seller has made available to Buyer copies of all Leases and Material Contracts.

8.12 Broker's Fees. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller for which Buyer or any Affiliate of Buyer shall have any responsibility.

8.13 Bankruptcy Proceedings. There are no bankruptcy, reorganization, insolvency or receivership actions pending, being contemplated by, or, to the Knowledge of Seller, threatened against Seller.

8.14 Compliance with Laws. Except as set forth in Schedule 8.9 or 8.14, with respect to the Assets operated by Seller, and to the Knowledge of Seller with respect to the Assets not operated by Seller, the Assets have been operated in compliance in all material respects with applicable Laws.

8.15 Production Imbalances. Except as set forth on Schedule 8.15, with respect to the Wells operated by Seller, and to the Knowledge of Seller with respect to the Wells not operated by Seller, neither Seller nor any of its predecessors in title have collectively taken more ("**Over-Produced**") or less ("**Under-Produced**") production from the Wells located on such property (or on the DSUs in which such property participates) than the ownership of Seller and such predecessors in such property would entitle Seller and such predecessors (absent any gas balancing agreement or arrangement) to receive. For each property listed on Schedule 8.15, such Schedule reflects (a) whether Seller is in an Over-Produced or Under-Produced position, and (b) the amount of such Over-Production or Under-Production.

8.16 Certain Financial Obligations. Except as set forth on Schedule 8.16, with respect to the Assets operated by Seller, and to the Knowledge of Seller with respect to the Assets not operated by Seller, there are no material subsisting defaults as to payments to be made under Leases or Material Contracts (other than in cases where Seller has a good faith defense or basis for offset, which defense or basis is set forth in the applicable Schedule).

8.17 Inactive Wells. To the Knowledge of Seller, except as set forth and annotated on Schedule 8.17, there are no shut-in or otherwise inactive wells located on the Leases or on lands pooled or unitized therewith except for wells that have been properly plugged and abandoned.

8.18 Certain Expenses. Except as set forth on the Schedules hereto, there are no material subsisting defaults as to payments of expenses and liabilities relating to the ownership or operation of the Assets (other than in cases where Seller has a good faith defense or basis for offset, which defense or basis is set forth in the applicable Schedule).

8.19 Related Assets. With respect to the Assets operated by Seller, and to the Knowledge of Seller with respect to the Assets not operated by Seller, each material Related Asset is in reasonable operating condition, ordinary wear and tear excepted, and is adequate for its current use.

8.20 Consents. Except (a) as set forth in Schedule 8.20, (b) consents and approvals from Governmental Authorities for the assignment of the Assets (or the operation thereof) that are customarily obtained after such assignment, (c) under Contracts that are terminable upon sixty (60) days or less notice without payment of any fee and (d) for Preferential Rights, there are no material requirements for consents or approvals from any third party 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**").

8.21 Wells and Payout Balances. Schedule 8.21 contains a complete and accurate list of the status of any "payout" balance, as of the Effective Time, to which the interests of Seller in any of the Assets is subject that would result in 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). Except as set forth on Schedule 8.21, Seller does not have any unfulfilled drilling obligations affecting the Leases by virtue of a Contract. Neither Seller nor any of its Affiliates is under any obligation to drill a well pursuant to any offset drilling obligations with respect to the Assets or any obligation to pay compensatory royalties or other payments resulting from any offset drilling obligations.

8.22 Insurance. Schedule 8.22 sets forth a list of all insurance policies maintained by or for the benefit of Seller with respect to the Assets. All premiums due on such insurance policies have either been paid or, if not yet due, accrued. All such insurance policies are in full force and effect and enforceable in accordance with their terms. Seller is not in default under, and has not otherwise failed to comply with, any material provision contained in any such insurance policy.

8.23 Access. None of the Leases are subject to any restrictions on use of the surface in connection with operations that would materially affect such use or operations. Seller has a legal right of access to all of the Leases as would allow the use of any of the Assets for the purposes for which such Asset is currently owned and operated.

8.24 Records. The Records are current, accurate and complete in all material respects. The Records have been maintained in accordance with ordinary and customary industry standards in the domestic oil and gas industry, and all accounting records relating to the Assets have been prepared in accordance with ordinary and customary industry standards in the domestic oil and gas industry.

8.25 Employee Matters. Except as set forth on Schedule 8.25, Seller has materially complied, and remains in material compliance with, each Employee Benefit Plan and each Law relating to employment, including but not limited to, terms and conditions of employment, equal employment opportunity, non-discrimination, non-harassment, non-retaliation, immigration, wages and overtime, compensation of any kind, benefits, labor relations, collective bargaining, mass layoffs, plant closings, workplace injuries and illnesses, employee and contractor classifications, and employee privacy. Since four (4) years prior to the Effective Time, Seller has not incurred any material Liability with respect to non-compliance, or alleged non-compliance, of any Employee Benefit Plan or any Law relating to employment as described in the preceding sentence. To the Knowledge of Seller, there are no current or threatened Liabilities against Seller with respect to any Employee Benefit Plan or related to any actual or alleged violation of any Law related to employment as described in this Section 8.25. The representations in this Section 8.25 are limited to current and former employees and contractors who have worked on or with the Assets.

8.26 Restructuring Documents. Seller has made available to Buyer true, correct and complete copies of the executed Restructuring Documents.

8.27 Casualty. Since the Effective Time, there have been no acts of God having a direct impact on the Assets, including volcanic eruptions, lightning, earthquake, wind, storm, flood or drought, or fire, explosion, condemnation, or exercise of any right of eminent domain (a "**Casualty**"). A Casualty does not include depletion due to normal production and depreciation, failure of equipment or casing, or loss of ability to profitably market Hydrocarbons.

8.28 Scope of Representations of Seller. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE CASE OF FRAUD, SELLER DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENTS OR COMMUNICATIONS (ORALLY OR IN WRITING) TO BUYER, INCLUDING ANY INFORMATION CONTAINED IN ANY OPINION, INFORMATION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO BUYER BY ANY EMPLOYEE, OFFICER, DIRECTOR, AGENT, CONSULTANT, ENGINEER OR ENGINEERING FIRM, TRUSTEE, REPRESENTATIVE, PARTNER, MEMBER, BENEFICIARY, STOCKHOLDER, AFFILIATE OR CONTRACTOR OF SELLER WHEREVER AND HOWEVER MADE, INCLUDING THOSE MADE IN ANY DATA ROOM OR INTERNET SITE AND ANY SUPPLEMENTS OR AMENDMENTS THERETO OR DURING ANY NEGOTIATIONS WITH RESPECT TO THIS AGREEMENT. ANY AND ALL DATA,

RECORDS, REPORTS, PROJECTIONS, INFORMATION, AND OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED BY SELLER OR OTHERWISE MADE AVAILABLE OR DISCLOSED TO BUYER IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY ARE PROVIDED TO BUYER AS A CONVENIENCE AND SHALL NOT CREATE OR GIVE RISE TO ANY LIABILITY OF OR AGAINST SELLER, AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT BUYER'S SOLE RISK TO THE MAXIMUM EXTENT PERMITTED BY LAW. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER MAKES NO, AND HEREBY DISCLAIMS ANY, WARRANTY OR REPRESENTATION, EXPRESS, STATUTORY OR IMPLIED, AS TO (i) THE PRESENCE, QUALITY AND QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE ASSETS, INCLUDING SEISMIC DATA AND SELLER'S INTERPRETATION AND OTHER ANALYSIS THEREOF; (ii) THE ABILITY OF THE ASSETS TO PRODUCE HYDROCARBONS, INCLUDING PRODUCTION RATES, DECLINE RATES AND RECOMPLETION OPPORTUNITIES; (iii) PAYOUT ACCOUNT INFORMATION, ALLOWABLES, OR OTHER REGULATORY MATTERS; (iv) THE PRESENT OR FUTURE VALUE OF THE ANTICIPATED INCOME, COSTS OR PROFITS, IF ANY, TO BE DERIVED FROM THE ASSETS; (v) ANY PROJECTIONS AS TO EVENTS THAT COULD OR COULD NOT OCCUR; AND (vi) THE TAX ATTRIBUTES OF ANY ASSET.

## ARTICLE IX

## REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants as follows:

9.1 Status of Formation. Buyer is a limited partnership duly organized and validly existing under the laws of the State of Delaware and is, or by Closing will be, duly qualified to do business in the State of North Dakota.

9.2 Authority. Buyer has the requisite power and authority to enter into this Agreement, to carry out the transactions contemplated hereby and to undertake all of the obligations of Buyer set forth in this Agreement. The execution, delivery and performance of this Agreement by Buyer, and the transactions contemplated hereby, will not (a) violate any provision of the certificate of limited partnership, partnership agreement or other organizational document of Buyer; (b) conflict with, breach or result in a material default (with due notice or lapse of time or both) or the creation of any lien or encumbrance or give rise to any right of termination, cancellation or acceleration of any of the terms, conditions or provisions or any material note, bond, mortgage, indenture or agreement to which Buyer is a party or by which Buyer is bound; (c) violate any judgment, order, ruling or decree applicable to Buyer; or (d) violate any Law.

9.3 Validity of Obligations. The execution, delivery and performance of this Agreement, and the performance of the transactions contemplated hereby, have been duly and validly authorized by all necessary action on the part of Buyer, including, without limitation, approval by Buyer's managers, directors and lenders. This Agreement has been duly executed and delivered by Buyer, and any documents or instruments to be executed and delivered by Buyer at Closing will be duly executed and delivered by Buyer. This Agreement and any documents or instruments delivered by Buyer at Closing shall constitute legal, valid and binding obligations of Buyer, enforceable in accordance with their terms.

9.4 Qualification and Bonding. Buyer, or an Affiliate operating company of Buyer, is, or by Closing will be, in compliance with the bonding and liability insurance requirements in accordance with all applicable Laws. Buyer is, or by Closing will be, and henceforth will continue to be qualified to own any federal or state oil and gas leases that constitute part of the Assets.

9.5 Non-Security Acquisition. Buyer intends to acquire the Assets for its own benefit and account and is not acquiring said Assets with the intent of distributing fractional undivided interests thereof such as would be subject to regulation by federal or state securities Laws, and that if, in the future, it should sell, transfer or otherwise dispose of said Assets or fractional undivided interests therein, it will do so in compliance with any applicable federal and state securities Laws.

9.6 Evaluation. Buyer has, or by Closing will have, made its own independent investigation, analysis and evaluation of the Assets, the Buyer Liabilities and the transactions contemplated by this Agreement (including Buyer's own estimate and appraisal of the extent and value of Seller's Hydrocarbon reserves attributable to the Assets and an independent assessment and appraisal of the environmental risks and liabilities associated with the acquisition of the Assets). In entering into this Agreement and consummating the transactions contemplated hereby, Buyer has relied, and will rely, solely upon Seller's representations contained in this Agreement and its own independent investigation, verification, analysis and evaluation of the Assets and has not relied on any representations or warranties by Seller other than those expressly set forth in this Agreement.

9.7 Financing. Buyer has, or by Closing will have, sufficient cash, available lines of credit or other sources of immediately available funds, and will continue to maintain such available funds, to enable it to pay the Purchase Price to Seller at the Closing.

9.8 Capitalization. Buyer has, and at Closing will have, sufficient cash, available lines of credit or other sources of immediately available funds, and will continue to maintain such available funds, to enable it to operate and maintain the Assets as a reasonable prudent operator and in compliance with all applicable Laws.

9.9 Broker's Fees. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer for which Seller or any Affiliate of Seller shall have any responsibility.

## ARTICLE X

## CERTAIN AGREEMENTS OF SELLER

Seller agrees and covenants that, unless Buyer shall have otherwise agreed in writing, the following provisions shall apply:

10.1 Maintenance of Assets. Except as set forth on Schedule 10.1, with respect to the Wells operated by Seller, Seller has, from the Effective Time through the Closing:

(a) Administered and operated the Wells in accordance with the applicable operating agreements and prudent industry practice;

(b) Not introduced any new methods of management, operation or accounting with respect to any or all of the Assets;

(c) Operated in the ordinary course consistent with past practice the business conducted with the Assets and fulfilled all contractual or other covenants, obligations and conditions imposed upon Seller with respect to the Assets, including payment of royalties, delay rentals, shut-in gas royalties and any and all other required payments and has not knowingly and voluntarily waived any material rights under, amended or terminated any Material Contract;

(d) Intentionally Omitted;

(e) Not voluntarily abandoned any of the Wells other than as commercially reasonable or as required pursuant to the terms of a Lease or by regulation;

(f) Not, without the prior written consent of Buyer (which consent shall be totally within Buyer's discretion), (i) entered into any agreement or arrangement transferring, selling or encumbering any of the Assets (other than in the ordinary course of business, including ordinary course sales of production or pursuant to any agreements existing on the date hereof); (ii) granted any preferential right or other right to purchase or agreed to require the consent of any party not otherwise required to consent to the transfer and assignment of the Assets to Buyer; (iii) entered into any new sales contracts or supply contracts which cannot be cancelled upon thirty (30) days prior notice; (iv) incurred or agreed to incur any contractual obligation or liability (absolute or contingent) with respect to the Assets except as otherwise provided herein (including ordinary course sales of production, inventory or salvage or with respect to any Assets with a value less than $100,000.00 (net to Seller's interest) or pursuant to any disclosed authorizations for expenditures covering the Assets); (v) terminated any insurance policies covering any of the Assets; (vi) voluntarily resigned as operator of any of the Wells; or (vii) removed any of the Related Assets from any Lease (except to move such Related Asset to another Lease); and

(g) To the extent within the Knowledge of Seller, promptly provided Buyer with written notice of (i) any Claims, Proceedings or other occurrences which affect the Assets in any material respect; or (ii) any proposal from a third party to engage in any material transaction (e.g., a farmout) with respect to the Assets.

10.2 Transfer Orders. Seller shall prepare and execute as of the Closing Date, in a form reasonably acceptable to Buyer, all necessary or appropriate transfer orders (or letters in lieu thereof) relating to the Assets designating Buyer as the appropriate party for payment from and after the Closing.

10.3 Preferential Rights. Intentionally Omitted.

10.4 Records and Contracts. Seller shall have the right, at its sole cost and risk, to make and retain copies of the Records and Contracts as Seller may desire prior to the delivery of the Records and Contracts to Buyer. Buyer, for a period of two (2) years after the Closing Date (or for such longer period as corresponds to an applicable statute of limitations, as may have been extended by a relevant Governmental Authority), shall make available to Seller (at the location of such Records and Contracts in Buyer's organization and during normal business hours) access to the Records and Contracts upon written request of Seller. In the event there are Records and Contracts that apply to both Assets and Excluded Assets, Seller may retain the originals of such Records and Contracts and provide copies thereof to Buyer.

10.5 Delivery of Assets. All tangible personal property included in the Assets, including Records, Contracts and Permits (or completed applications therefor, if applicable), shall be made available by Seller on the Closing Date at their existing locations, unless otherwise agreed to in writing by the Parties.

10.6 Delivery of Lease Assignments. Seller shall at the Closing execute and deliver to Buyer all assignments of leases with any Governmental Authority relating to or included in the Assets.

10.7 Like-Kind Exchange.

(a) Notwithstanding anything herein to the contrary, but subject to this Section 10.7, either Party (in such capacity, the "**Exchanging Party**") may at any time prior to Closing assign all or any portion of its rights under this Agreement and take such other steps as required to satisfy the requirements of a like-kind exchange pursuant to Code section 1031 with respect to such Exchanging Party (an "**Exchange Transaction**"). Subject to the other provisions of this Section 10.7, the other Party (in such capacity, the "**Non-Exchanging Party**") shall, as and when reasonably requested by the Exchanging Party from time to time, execute and deliver, or cause to be executed and delivered, all such documents and instruments, and take, or cause to be taken, all such further actions as the Exchanging Party may determine is reasonably necessary or appropriate for purposes of causing the contemplated transactions, in whole or in part, to satisfy the requirements of Code section 1031 with respect to the Exchanging Party.

(b) Notwithstanding the foregoing, unless the Exchanging Party provides for reimbursement or indemnity reasonably acceptable to the Non-Exchanging Party: (i) the Non-Exchanging Party shall not be obligated to pay any additional costs or incur any additional obligations or Liabilities in connection with the contemplated transactions if such costs, obligations or Liabilities arise out of or result from the Exchange Transaction; (ii) the Non-Exchanging Party shall not be obligated to take title to any other assets or property, or to undertake any obligations to any third party, as a result of the Exchange Transaction; and (iii) nothing herein shall be deemed the agreement of the Non-Exchanging Party to delay the Closing of, or payment under, this Agreement, in connection with the Exchange Transaction. The Non-Exchanging Party shall provide no assurance to the Exchanging Party that any particular tax treatment will be given to the Exchanging Party as a result of the Exchange Transaction, and the Non-Exchanging Party shall have no obligation to the Exchanging Party or any other Person if the Exchange Transaction fails to qualify as a "like kind exchange" under Code section 1031 or similar state or local tax provision.

(c) The Parties acknowledge and agree that a whole or partial assignment by the Exchanging Party of rights under this Agreement or any of the Assets to a qualified intermediary or exchange accommodation titleholder as required by Code section 1031 and the administrative rules governing same (an "**Intermediary**") shall not (i) release the Exchanging Party from any of its Liabilities and obligations under this Agreement or any other documents or instruments to be executed and delivered pursuant to this Agreement, or (ii) expand any Liabilities or obligations of the Non-Exchanging Party under this Agreement or any other documents or instruments to be executed and delivered pursuant to this Agreement. The Exchanging Party and any such Intermediary, and their successors and assigns, shall be jointly and severally liable for the obligations and Liabilities of the Exchanging Party under this Agreement and the other documents or instruments to be executed and delivered pursuant to this Agreement, and shall indemnify, defend and hold harmless the Non-Exchanging Party from and against all Claims, Losses and Liabilities, if any, arising out of or resulting from an Exchange Transaction, including any Claims, Losses and Liabilities arising out of or resulting from the transfer, assignment or conveyance of any Assets to an Intermediary instead of the Exchanging Party.

(d) Any assignment by the Exchanging Party of all or any portion of its rights under this Agreement to an Intermediary shall be made specifically subject to the acknowledgement by such Intermediary of its obligations and Liabilities under this Section 10.7, and such Intermediary shall agree in writing to be bound thereby. Any assignment made in violation of this Section 10.7 shall be void.

10.8 Cooperation. Seller shall use commercially reasonable efforts to (a) assist Buyer in carrying out the obligations of Buyer pursuant to ARTICLE XI and (b) satisfy the conditions to Closing set forth in ARTICLE XII.

10.9 Successor Operator. From and after the date hereof, Seller will, for the account and at the expense of Buyer, exercise commercially reasonable efforts to assist Buyer or its Affiliate to succeed it, as of the Closing Date, as operator of the Assets Seller operates, but not the Excluded Assets; *provided*, *however*, that notwithstanding anything in this Agreement to the contrary, Seller does not warrant or guarantee that Buyer or its Affiliate will become the operator of all or any portion of the Assets.

10.10 Consents. Without limiting the representation contained in Section 8.20, Seller agrees that, promptly after executing this Agreement, it will (i) use reasonable efforts to identify all Consents applicable to the transaction contemplated hereby, and the names and addresses of such parties holding the same, and (ii) send to each such holder a notice seeking such holder's consent to the transactions contemplated hereby.

10.11 Schedule Supplements. Intentionally Omitted.

10.12 Restructuring. Following the date hereof, without the prior written consent of Buyer, Seller shall not amend, modify or supplement (or permit to be amended, modified or supplemented) any Restructuring Document in a manner that could reasonably be expected to have an adverse effect on Buyer or otherwise on Seller's ability to perform its obligations under this Agreement. Immediately following the Closing, Seller shall consummate the Restructuring in accordance with the terms of the Restructuring Documents (in each case in the form provided to Buyer, as the same may be amended, modified or supplemented in accordance with the immediately preceding sentence).

## ARTICLE XI

## CERTAIN AGREEMENTS OF BUYER

Buyer agrees and covenants that, unless Seller shall have consented otherwise in writing, the following provisions shall apply:

11.1 Plugging Obligation. After the Closing Date, Buyer shall perform and assume all liability for the necessary and proper plugging and abandonment of all Wells, including decommissioning and removal of all Related Assets and all surface restoration and remediation, except as set forth on Schedule 2.3.

11.2 Bonds, Letters of Credit and Guarantees. Buyer shall post the necessary bonds, or letters of credit and guarantees as required by any applicable Governmental Authorities, at Closing, or, if after reasonable efforts Buyer is unable to post such bonds, letters of credit or guarantees at Closing, as soon as reasonably possible after Closing, and Buyer shall provide Seller with a copy of same, and provide proof satisfactory to Seller that all applicable Governmental Authorities have accepted such bonds, letters of credit and/or guarantees as sufficient assurance to cover the plugging of all Wells and related matters. Further, Buyer shall provide to Seller copies of the approval by any applicable Governmental Authorities concerning change of operatorship of the Wells. Promptly following Closing, but, as to operator bonds, letters of credit or guarantees for Assets operated by Seller, in no event later than the transfer of operatorship of such Assets, Buyer shall obtain, or cause to be obtained in the name of Buyer, replacements for such bonds, letters of credit and guarantees as necessary to permit the cancellation of the bonds, letters of credit and guarantees posted by Seller. From and after Closing, Buyer shall indemnify Seller or its relevant Affiliate against all amounts incurred by Seller or its relevant Affiliate under such bonds, or letters of credit and guarantees of Seller that are not replaced by Buyer at or prior to Closing.

11.3 Seller's Logos. Buyer shall promptly, but in no event later than the thirtieth (30th) day, after Closing, cover or cause to be covered by decals or new signage any names and marks used by Seller, and all variations and derivatives thereof and logos relating thereto, from the Assets and shall not thereafter make any use whatsoever of such names, marks and logos.

11.4 Transfer Orders. Buyer shall execute as of the Closing Date all necessary or appropriate transfer orders (or letters in lieu thereof) relating to the Assets designating Buyer as the appropriate party for payment from and after the Closing.

11.5 Delivery of Lease Assignments. Buyer shall at the Closing execute and deliver to Seller all assignments of leases with any Governmental Authority relating to or included in the Assets.

11.6 Cooperation. Buyer shall use commercially reasonable efforts to (a) assist Seller in carrying out the obligations of Seller pursuant to ARTICLE X, and (b) satisfy the conditions to Closing set forth in ARTICLE XIII.

## ARTICLE XII

## CONDITIONS PRECEDENT TO OBLIGATION OF BUYER

The obligations of Buyer to consummate the Closing are subject to the satisfaction (or waiver by Buyer) of each of the following conditions:

12.1 Representations and Warranties; Covenants. (a) All representations and warranties of Seller contained in this Agreement (other than the representations and warranties contained in Sections 8.1 (Formation), 8.2 (Authority), 8.3 (Validity of Obligations) and 8.26 (Restructuring Documents)) shall be true and correct in all respects, with the same force and without giving effect to any qualifiers as to materiality, or Material Adverse Effect, as if such representations and warranties were made as of the Closing Date (except for those representations or warranties that are expressly made only as of another specific date, which representations and warranties shall be true and correct in all respects as of such other date) except for the failure of such representations and warranties to be so true and correct, when taken as a whole, as would not have a Material Adverse Effect; and (b) the representations and warranties of Seller contained in Sections 8.1 (Formation), 8.2 (Authority), 8.3 (Validity of Obligations) and 8.26 (Restructuring Documents) shall be true and correct in all respects other than any *de minimis* inaccuracies on and as of the Closing Date, as though such representations and warranties had been made or given on and as of the Closing Date (except for those representations or warranties that are expressly made only as of another specific date, which representations and warranties shall be true and correct in all respects as of such other date); and (c) Seller shall have performed in all material respects all covenants and agreements required by this Agreement to be performed by Seller at or prior to the Closing; and (d) Seller shall have delivered to Buyer a certificate of an officer of Seller, dated the Closing Date, confirming the foregoing.

12.2 Seller Closing Deliverables. Seller shall be ready, willing and able to deliver to Buyer at the Closing the documents and items required to be delivered by Seller under Section 4.2.

12.3 No Litigation. No suit, action or other proceeding shall be pending before any court or Governmental Authority which attempts to prevent the occurrence of the transactions contemplated by this Agreement.

12.4 Releases. Except for any Permitted Encumbrances or Permitted Title Irregularities, Seller shall be ready, willing and able to deliver to Buyer at the Closing executed complete releases in form and substance reasonably satisfactory to Buyer of all indentures, mortgages, deeds of trust, bonds, UCC financing statements, loans, financings, liens and similar Contracts encumbering the Assets, in each case, solely to the extent securing obligations for borrowed money including but not limited to, those described in the First Lien Debt Agreement and the Second Lien Debt Agreement.

12.5 Restructuring. (a) All conditions to the closing of the transactions contemplated by the Restructuring Documents shall have been satisfied or waived (excluding any condition that the Closing under this Agreement shall have occurred and any other conditions that, by their nature, cannot be satisfied until the closing of the applicable transactions contemplated by the Restructuring Documents) and (b) the parties to the Restructuring Documents shall stand ready, willing and able to consummate the transactions contemplated by the Restructuring Documents immediately following the Closing; provided, however, that if the closing of the Restructuring does not occur by one (1) business day following the Closing Date, at Buyer's election in its sole discretion, Seller shall refund the Purchase Price paid at the Closing to Buyer, Buyer shall return the Assets and Buyer Liabilities to Seller and the Parties shall otherwise take such actions as are reasonably necessary to unwind the Closing of the transactions contemplated hereby.

## ARTICLE XIII

## CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER

The obligations of Seller to consummate the Closing are subject to the satisfaction (or waiver by Seller) of each of the following conditions:

13.1 Representations and Warranties; Covenants. (a) All representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects, or, if any such representation or warranty is not expressly qualified by "materiality," then in all material respects, as of the Closing, as if such representations and warranties were made as of the Closing Date (except for those representations or warranties that are expressly made only as of another specific date, which representations and warranties shall be true and correct in all respects (or in all material respects, as applicable) as of such other date); (b) Buyer shall have performed in all material respects all covenants and agreements required by this Agreement to be performed by Buyer at or prior to the Closing; and (c) Buyer shall have delivered to Seller a certificate of an officer of Buyer, dated the Closing Date, confirming the foregoing.

13.2 Buyer Closing Deliverables. Buyer shall be ready, willing and able to deliver to Seller at the Closing the documents and items required to be delivered by Buyer under Section 4.3, including, without limitation, the Purchase Price as set forth in the Closing Adjustment Statement.

13.3 No Litigation. At the Closing, no suit, action or other proceeding shall be pending before any court or Governmental Authority which attempts to prevent the occurrence of the transactions contemplated by this Agreement.

## ARTICLE XIV

## TERMINATION

14.1 Causes of Termination. Intentionally Omitted.

14.2 Termination for Title/Environmental Defects. Intentionally Omitted.

14.3 Effect of Termination. Intentionally Omitted.

## ARTICLE XV

## INDEMNIFICATION

15.1 Indemnification by Seller. From and after the Closing, except as otherwise provided in this Agreement, Seller shall defend, indemnify and hold harmless Buyer, its parent and subsidiary entities and other Affiliates, and each of their respective directors, officers, employees, agents and other representatives (the "**Buyer Group**") from and against the following:

(a) Misrepresentations. All Losses arising from the breach by Seller of any of its representations or warranties set forth in ARTICLE VIII;

(b) Breach of Covenants. All Losses arising from the breach by Seller of any of its covenants set forth in this Agreement;

(c) Retained Liabilities and Non-Asset Liabilities. All Retained Liabilities and all Non-Asset Liabilities; and

(d) Pre-Effective Time Liabilities. All Pre-Effective Time Liabilities except to the extent any such Pre-Effective Time Liability has become a Buyer Liability.

15.2 Limitations. Notwithstanding Section 15.1, the following limitations shall apply to Seller's indemnification obligations:

(a) Seller shall not be obligated to indemnify, defend or hold harmless Buyer for any Loss unless Buyer has delivered a written notice of such Loss within the Survival Period applicable to such Loss. The "**Survival Period**" applicable to Losses shall mean:

(i) With regard to a breach of the representations and warranties contained in Section 8.8 (Taxes), a period following the Closing ending ninety (90) days after the expiration of the statute of limitations applicable to the underlying Tax matter giving rise to that claim;

(ii) With regard to a breach of the representations and warranties contained in Sections 8.1 (Formation), 8.2 (Authority) and 8.3 (Validity of Obligations), an indefinite period following the Closing;

(iii) With regard to all of the representations and warranties of Seller in this Agreement other than those described in clauses (i)-(ii) above, a period of one (1) year following the Closing;

(iv) With regard to a breach of any covenant contemplated to be performed prior to the Closing, a period one (1) year following the Closing;

(v) With regard to a breach of any covenant contemplated to be performed after the Closing, a period one (1) year following the date by which such covenant is contemplated to have been performed;

(vi) With respect to any Retained Liability or Non-Asset Liability, an indefinite period following the Closing; and

(vii) With respect to any Pre-Effective Time Liability, unless and until such Pre-Effective Time Liability becomes a Buyer Liability.

(b) Other than Seller's obligations and responsibilities with respect to (i) Section 15.1(c) and Section 15.1(d) and (ii) breaches of the representations and warranties contained in Sections 8.1 (Formation), 8.2 (Authority), 8.3 (Validity of Obligations), 8.12 (Broker's Fees) and 8.26 (Restructuring Documents), Seller shall have no Liability for any Losses unless and until the aggregate Losses for which Buyer is entitled to recover under this ARTICLE XV exceeds one and a half percent (1.5%) of the Base Purchase Price (the "**Deductible Amount**"), after which the Buyer Group shall be entitled to recover only that portion of any amounts to which they are otherwise entitled under this ARTICLE XV that is in excess of the Deductible Amount.

(c) Other than Seller's Liabilities with respect to (i) Section 15.1(c) and Section 15.1(d) and (ii) breaches of the representations and warranties contained in Sections 8.1 (Formation), 8.2 (Authority), 8.3 (Validity of Obligations) and 8.12 (Broker's Fees), Seller's aggregate liabilities and obligations under this ARTICLE XV shall not exceed twenty five percent (25%) of the Base Purchase Price.

(d) Notwithstanding anything to the contrary herein, except in connection with the Non-Asset Liabilities and Retained Liabilities that would also constitute Non-Asset Liabilities, Seller's aggregate liabilities and obligations to Buyer under this Agreement shall not exceed the Base Purchase Price.

(e) Notwithstanding clause (a)(iii), the representations and warranties contained in Sections 6.2(a) concerning Defensible Title (but not concerning the special warranty of Defensible Title) and 8.19 concerning Related Assets shall not survive the Closing, and Buyer Group shall not be entitled to make any claim for indemnification under this ARTICLE XV in respect thereof.

(f) The Parties acknowledge and agree that, from and after the Closing, except as otherwise provided in this Agreement or other documents delivered at Closing, the provisions in this ARTICLE XV shall contain the Parties' exclusive remedies against each other with respect to the Assets, the Buyer Liabilities, Pre-Effective Time Liabilities and Retained Liabilities, the transactions contemplated by this Agreement, and the representations, warranties and covenants made herein or any other document or instrument entered into pursuant hereto or in connection herewith except in the case of Fraud.

15.3 Indemnification by Buyer. From and after the Closing, except as otherwise provided in this Agreement, Buyer shall defend, indemnify and hold harmless Seller, its parent and subsidiary entities and other Affiliates, and each of their respective directors, officers, employees, agents and other representatives (the "**Seller Group**") from and against the following:

(a) Misrepresentations. All Losses arising from the material breach by Buyer of any of its representations or warranties set forth in ARTICLE IX;

(b) Breach of Covenants. All Losses arising from the material breach by Buyer of any of its covenants set forth in this Agreement; and

(c) Buyer Liabilities. All Buyer Liabilities.

15.4 Insurance; Mitigation. The amount of Losses required to be paid by any Indemnifying Party to indemnify the Indemnified Party pursuant to this Agreement shall be reduced to the extent of any amounts actually received by the Indemnified party pursuant to the terms of any insurance policies covering such claim to which the Indemnified Party may be entitled. Subject to the terms hereof, each Indemnified Party shall make reasonable efforts to mitigate or minimize all Liabilities upon and after becoming aware of any event or condition which would reasonably be expected to give rise to any Liabilities that are indemnifiable hereunder.

15.5 Notification. As soon as reasonably practical after obtaining knowledge thereof, any Party seeking indemnification under this Agreement (the "**Indemnified Party**") shall notify the other Party (the "**Indemnifying Party**") of any Claim or Proceeding which the Indemnified Party has determined has given or could give rise to a claim for indemnification under this ARTICLE XV. Such notice shall specify the agreement, representation or warranty with respect to which the claim is made, the facts giving rise to the claim and the amount (to the extent then determinable) of liability for which indemnity is asserted. In the event any action, suit or proceeding is brought with respect to which a Party may be liable under this ARTICLE XV, the defense of the action, suit or proceeding (including all settlement negotiations and arbitration, trial, appeal or other proceeding) shall be at the discretion of and conducted by the Indemnifying Party. If an Indemnified Party shall settle any such action, suit or proceeding without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), the right of the Indemnified Party to make any claim against the Indemnifying Party on account of such settlement shall be deemed conclusively denied. An Indemnified Party shall have the right to be represented by its own counsel at its own expense in any such action, suit or proceeding, and if an Indemnified Party is named as the defendant in any action, suit or proceeding, it shall be entitled to have its own counsel and defend such action, suit or proceeding with respect to itself at its own expense. Subject to the foregoing provisions of this ARTICLE XV, neither Party shall, without the other Party's written consent, settle, compromise, confess judgment or permit judgment by default in any action, suit or proceeding if such action would create or attach any liability or obligation to the other Party. The Parties agree to make available to each other, and to their respective counsel and accountants, all information and documents reasonably available to them which relate to any action, suit or proceeding, and the Parties agree to render to each other such assistance as they may reasonably require of each other in order to ensure the proper and adequate defense of any such action, suit or proceeding, including entering into a joint defense privilege agreement.

## ARTICLE XVI

## MISCELLANEOUS

16.1 Casualty Loss. Intentionally Omitted.

16.2 Confidentiality. The Confidentiality Agreement shall remain in full force and effect in accordance with its terms until the completion of Closing at which time it shall terminate. Notwithstanding the foregoing, either Party may disclose this Agreement and financial information (including pro forma financial information) with respect to the Assets in connection with filings made with the Securities and Exchange Commission, as required by Law or as required by the listing requirements of any US securities exchange, including, the New York Stock Exchange, NASDAQ, and OTCQX.

16.3 Notice. Any notice, request, demand, or consent required or permitted to be given hereunder shall be in writing and delivered in person or by certified letter, with return receipt requested, or by prepaid overnight delivery service, or by facsimile or email addressed to the Party for whom it is intended at the following addresses:

If to Seller, to:

Abraxas Petroleum Corporation
18803 Meisner Dr
San Antonio, Texas 78258
Attn: Steven P. Harris, Vice President and Chief Financial Officer
Email: sharris@abraxaspetroleum.com

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

Dykema Gossett PLLC
112 E. Pecan Street, Suite 1800
San Antonio, Texas 78205
Attn: Jeffrey C. Gifford, Esq.
Email: jgifford@dykema.com

If to Buyer, to:

Lime Rock Resources V-A, L.P.
1111 Bagby St, Suite 4600
Houston, Texas 77002
Attn: Eric Mullins
Email: emullins@limerockresources.com

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

Lime Rock Resources V-A, L.P.
1111 Bagby St, Suite 4600
Houston, Texas 77002
Attn: Debra Sandefer
Email: dsandefer@limerockresources.com

or at such other address as any of the above shall specify by like notice to the other.

16.4 Press Releases and Public Announcements. No Party shall make any press release or other public announcement regarding the existence of this Agreement, the contents hereof or the transactions contemplated hereby without the prior written consent of the other; provided, however, the foregoing shall not restrict disclosures by Buyer or Seller (i) that are required by applicable securities or other laws or regulations or the applicable rules of any stock exchange having jurisdiction over the disclosing party or its Affiliates, or (ii) to Governmental Authorities and third Persons holding preferential rights to purchase or rights of consent that may be applicable to the transactions contemplated by this Agreement, as reasonably necessary to obtain waivers of such right or such consents.

16.5 Governing Law. This Agreement is governed by and will be construed according to the laws of the State of Texas, excluding any conflicts-of-law rule or principle that might apply the law of another jurisdiction. All disputes related to this Agreement shall be submitted to the jurisdiction of the courts of the State of Texas and venue shall be in the civil district courts of Harris County, Texas. EACH PARTY HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL IN ANY LAWSUIT, ACTION, OR PROCEEDING BETWEEN OR AMONG THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

16.6 Schedules and Exhibits. The Schedules and Exhibits attached to this Agreement are incorporated into and made a part of this Agreement.

16.7 Expenses, Taxes and Recording.

(a) Each Party shall be solely responsible for all costs and expenses incurred by it in connection with this transaction (including fees and expenses of its counsel and accountants) and shall not be entitled to any reimbursements from the other Party, except as otherwise provided in this Agreement, regardless of whether the Closing occurs.

(b) Buyer shall file all necessary Tax returns and other documentation with respect to all transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees, and, if required by applicable Law, Seller shall join in the execution of any such Tax returns and other documentation. Notwithstanding anything set forth in this Agreement to the contrary, Buyer shall pay any transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees incurred in connection with this Agreement and the transactions contemplated hereby.

(c) Buyer shall, at its own cost, immediately record all instruments of conveyance and sale in the appropriate office of the state and county in which the lands covered by such instrument are located. Buyer shall immediately file for and obtain the necessary approval of all Governmental Authorities to the assignment of the Assets and shall immediately file all change of operator forms to effect the change of operator where applicable. The assignment of any state, federal or Indian tribal oil and gas leases shall be filed in the appropriate governmental offices on a form required and in compliance with the applicable rules of the applicable Governmental Authority. Buyer shall supply Seller with a true and accurate photocopy, .pdf or similar image file reflecting the recording information of all the recorded and filed assignments within a reasonable period of time after their recording and filing.

16.8 Assignment. This Agreement or any part hereof may not be assigned by either Party without the prior written consent of the other Party; provided, however, upon notice to the other Party, but without the need to obtain such other Party's consent, either Party shall have the right (i) to assign all or part of its rights (but none of its obligations) under this Agreement in order to qualify the transfer of the Assets as a "like-kind" exchange for federal Tax purposes, or (ii) to assign this Agreement to an Affiliate of such assigning Party, provided that the assigning Party shall not be relieved of its obligations hereunder. Subject to the foregoing, this Agreement is binding upon the Parties hereto and their respective successors and assigns.

16.9 Entire Agreement; No Reliance. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof, superseding all prior negotiations, discussions, agreements and understandings, whether oral or written, relating to such subject matter, except that the Confidentiality Agreement shall remain in full force and effect in accordance with its terms. Each of the Parties expressly waives reliance on any facts, promises, undertakings, representations or warranties made by any other Party or such Party's Representatives prior to the execution of this Agreement to the extent such facts, promises, undertakings, representations or warranties are not expressly reflected herein or in the Confidentiality Agreement.

16.10 Severability. In the event that any one or more covenants, clauses or provisions of this Agreement shall be held invalid or illegal, such invalidity or unenforceability shall not affect any other provisions of this Agreement.

16.11 Captions. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

16.12 Disclaimers Conspicuous. THE PARTIES AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE OPERATIVE, ALL LANGUAGE IN IN THIS AGREEMENT IN ALL CAPITAL LETTERS ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE, OR ORDER.

16.13 Certain Interpretive Matters.

(a) Unless the context otherwise requires, (i) all references to Articles, Sections, Schedules or Exhibits are to Articles, Sections, Schedules or Exhibits of or to this Agreement, (ii) "or" is disjunctive but not necessarily exclusive, (iii) words expressed in the singular include plural and vice versa, (iv) the word "including" means "including without limitation," (v) the word "days" means "calendar days" unless specified as "business days," (vi) all references to "funds" or "$" are to lawful currency of the United States of America, and (vii) with respect to all dates and time periods in this Agreement, time is of the essence.

(b) No provision of this Agreement will be interpreted in favor of, or against, any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.

(c) Except with respect to Persons entitled to indemnification hereunder, nothing contained in this Agreement, express or implied, is intended to confer upon any other person or entity (other than the Parties, and their respective successors and permitted assigns) any benefits, rights or remedies or constitute a ratification or assumption of any type.

16.14 Counterpart Execution. This Agreement may be executed in any number of counterparts, and each such counterpart, when executed and delivered, including by facsimile or e-mail, shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

16.15 Waiver of Certain Damages. Each of the Parties hereby waives and agrees not to seek consequential, special, exemplary or punitive damages, lost profits, lost business opportunities, or diminution in value with respect to any Claim, Proceeding, controversy or dispute arising out of or relating to this Agreement or the breach hereof, including any indemnification claim pursuant hereto, other than any such damages payable to any third party in respect of which a Party is otherwise entitled to indemnification hereunder.

16.16 No Waiver. No waiver by any Party of any condition of this Agreement or of any breach by any Party of any of the obligations or representations hereunder shall be deemed to be a waiver of any other condition or subsequent breach of the same or any other obligation or representation by any Party. Forbearance by any Party to seek a remedy for any noncompliance or breach by any other Party shall not be deemed to be a waiver by the first such Party of its rights and remedies with respect to any such noncompliance or breach.

[Remainder of page intentionally left blank]

Executed as of the day and year first above written.

**Seller:**

**ABRAXAS PETROLEUM CORPORATION**

By: /s/ Robert L. G. Watson
Name: Robert L. G. Watson
Title: Chief Executive Officer

**Buyer:**

**LIME ROCK RESOURCES V-A, L.P.**

By: /s/ Eric Mullins
Name: Eric Mullins
Title: Chief Executive Officer and Chairman

**Exhibit 10.2**

***Execution Version***

# SETTLEMENT AND LIEN RELEASE AGREEMENT

This Settlement and Lien Release Agreement (this "Agreement") dated as of January 3, 2022, is among Abraxas Petroleum Corporation, a Nevada corporation (the "Borrower"), the undersigned Guarantors (the "Guarantors"), the undersigned Lenders (the "Lenders"), the undersigned Swap Counterparties (the "Swap Counterparties"), and Société Générale, as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent").

## INTRODUCTION

A. The Borrower, the financial institutions party thereto as Lenders, the Issuing Lender, and the Administrative Agent have entered into the Third Amended and Restated Credit Agreement, dated as of June 11, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. The Administrative Agent, the Lenders, Angelo Gordon Energy Servicer, LLC, as the administrative agent under the Senior Secured Term Loan Agreement (the "Term Loan Agent") and the lenders under the Senior Secured Term Loan Agreement (collectively, the "Term Loan Lenders") have agreed to support the sale of the Assets (as defined in the Asset Purchase Agreement between the Borrower and Lime Rock Resources V, L.P. (the "Buyer"), in the form of Exhibit A hereto (with any modifications thereto as are reasonably acceptable to the Administrative Agent in accordance with the terms hereof) (the "APA")) to the Buyer, on the terms and conditions set forth herein and the APA.

C. Subject to the terms and conditions set forth herein, in connection with the consummation of the transactions contemplated by the APA and hereby, (i) the Administrative Agent, at the direction of the Lenders, has agreed to release its liens and security interests on the Assets and the other Collateral and (ii) the Lenders and other Secured Parties have agreed to terminate the Loan Documents and release any remaining Obligations upon the Borrower paying the Release Amount (as defined below).

THEREFORE, the Borrower, the Guarantors, the Lenders, the Swap Counterparties, the Issuing Lender and the Administrative Agent hereby agree as follows:

Section 1. Definitions; References. All capitalized terms not otherwise defined in this Agreement that are defined in the Credit Agreement shall have the meanings assigned to such terms by the Credit Agreement.

Section 2. Sale Transaction.

(a) Notwithstanding anything to the contrary in Credit Agreement or any other Loan Document, the Borrower hereby agrees that:

(i) it shall deliver a copy of the fully executed APA to the Administrative Agent promptly after execution thereof;

(ii) it shall not agree or otherwise consent to any amendment, restatement, supplement, modification or replacement of the APA without the prior written consent of the Administrative Agent to the extent any such amendment, restatement, supplement, modification or replacement materially adversely affects the Administrative Agent, the Lenders, the Swap Counterparties, or their rights hereunder or under any Loan Document or any Specified Hedge Contract;

(iii) it shall consummate the transactions contemplated by the APA on or before January 3, 2022 (or such later date as agreed to by the Administrative Agent; provided that (x) any such extension shall be conditioned upon the Administrative Agent's receipt of satisfactory evidence that the forbearance period under the Second Lien Forbearance (as defined below) has been extended for a corresponding period, and (y) any such extension beyond January 14, 2022 shall require the consent of each Lender) (such date, as may be extend in accordance with this clause (iii), the "Outside Date");

(iv) 100% of the proceeds of the sale of the Assets paid to the Borrower (or its subsidiaries) on the Closing Date (plus the amount of any Deposit (as defined below) (the "Net Sale Proceeds"), but not to exceed the Distribution Cap referenced below, shall be immediately following consummation of the sale of the Assets deposited in a deposit account designated by the Administrative Agent to the Borrower in writing before the Closing Date;

(v) on the Closing Date, the Borrower shall apply the Net Sale Proceeds plus, solely to the extent such Net Sale Proceeds are insufficient, cash on the Borrower's balance sheet in excess of $2,000,000, to repay the Obligations in the following order:

(a) first, to all accrued and unpaid interest at the default rate specified in the Credit Agreement on the Obligations outstanding as of the Closing Date (including, without limitation, all accrued and unpaid interest on the Swap Termination Amounts at the rate equal to the interest rate applicable to Reference Rate Advances under the Credit Agreement plus the Default Amount as defined in Amendment No. 11);

(b) second, to all reasonable and documented professional fees of the Administrative Agent and the Lenders for which invoices are delivered no later than one Business Day prior to the Closing Date and which are due and payable as provided in this Agreement or the Credit Agreement as of the Closing Date; and

(c) last, to repay outstanding principal of the Advances under the Credit Agreement and the Hedge Termination Claims in accordance with the Credit Agreement; *provided that*, the aggregate amount to be paid under this clause (c) shall not exceed the product of the Closing Date Claims Amount multiplied by 95% (the "Distribution Cap"); and

(vi) on the Closing Date, if the amount received by the Administrative Agent under clause (c) above is less than the Distribution Cap, the Borrower shall, or shall cause one or more of its Affiliates to, pay to the Administrative Agent the difference between the amount received by the Administrative Agent under clause (c) above and the Distribution Cap.

As used herein:

"Closing Date Claims Amount" means, as calculated before the application of payments to the outstanding Obligations pursuant to Section 2(a)(v)(c) herein, (i) the aggregate outstanding principal amount of the Advances under the Credit Agreement as of the Closing Date, plus (ii) the aggregate outstanding principal amount of the Swap Termination Amounts as of the Closing Date; provided that, for purposes of calculating the aggregate Swap Termination Amounts, the claims arising under the EWB Hedge Contract shall not exceed the EWB Hedge Contract Cap.

"EWB Hedge Contract Cap" means $3,500,000.

"Forbearance Agreement" means the Forbearance Agreement, dated as of March 31, 2021, among the Borrower, the Guarantors, the Lenders, the Issuing Lender and the Administrative Agent, as amended by that certain Agreement, Joinder, Amendment to Forbearance Agreement Amendment No. 11 to Credit Agreement, dated April 28, 2021 ("Amendment No. 11").

"Hedge Termination Claim" means the Obligation of the Borrower to each of the Swap Counterparties with respect to the Swap Termination Amounts and other amounts payable by the Borrower under the applicable Specified Hedge Contract(s) in connection with the termination or unwind thereof and the transactions thereunder.

"Release Amount" means the sum of (i) all accrued and unpaid interest and fees described in Section 2(a)(v)(a) and Section 2(a)(v)(b) herein and (ii) the amount described in Section 2(a)(v)(c) but not to exceed for purposes of this clause (ii) the Distribution Cap.

"Specified Hedge Contracts" means the following Hedge Contracts: (i) the ISDA Master Agreement dated as of June 21, 2007, between the Borrower and Société Générale (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder, the "SG Hedge Contract"), (ii) the ISDA Master Agreement dated as of January 4, 2017, between the Borrower and Associated Bank, National Association (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder, the "AB Hedge Contract"), (iii) the ISDA Master Agreement dated as of April 17, 2019, between the Borrower and East West Bank (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder, the "EWB Hedge Contract"), and (iv) the ISDA Master Agreement dated as of December 2, 2019, between the Borrower and Morgan Stanley Capital Group Inc. (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder, the "MS Hedge Contract").

"Swap Termination Amounts" means all unpaid termination amounts in respect of any Specified Hedge Contract (including, without limitation, all amounts payable by the Borrower to a Swap Counterparty resulting from any consensual termination or unwind of transactions under any Specified Hedge Contract).

(b) Without limitation of the Liens granted by the Borrower to the Administrative Agent under the Security Agreement, in consideration of the accommodations granted by the Administrative Agent hereunder and as collateral security for the prompt and complete payment and performance when due of all Obligations, the Borrower hereby assigns, pledges, and grants to the Administrative Agent, for the benefit of the Secured Parties, a Lien on and continuing security interest in all the Borrower's right, title and interest in, to and under, the following items, whether now owned or hereafter acquired by the Borrower and wherever located and whether now owned or hereafter existing or arising: the APA, any escrow agreement entered into between the Buyer and Seller in connection with the APA, any deposit made by the Buyer in favor of the Seller in connection with the APA (any such deposit, the "Deposit"), and all proceeds and products of any and all of the foregoing and all other payments now or hereafter due and payable with respect to, and guarantees and supporting obligations relating to, any and all of the foregoing and, to the extent not otherwise included, all payments of any indemnity, warranty or guaranty in respect to any of the foregoing. The Borrower shall use commercially reasonable efforts to cause the account in which any Deposit is maintained during the escrow period to be subject to an account control agreement in favor of the Administrative Agent, which account control agreement shall be released and the Administrative Agent's interest in such account terminated upon the Administrative Agent's receipt of the Release Amount and the consummation of the transactions contemplated hereby.

(c) If the APA is terminated and the Borrower is entitled to retain the Deposit, if any, in accordance with the terms of the APA, the Borrower shall cause the full amount of such Deposit to be delivered to the Administrative Agent immediately upon the release of such Deposit from escrow and the Borrower hereby agrees that the Administrative Agent may apply the full amount of such Deposit to the outstanding Obligations under the Credit Agreement in accordance with the terms of such document as in effect on the date hereof.

Section 3. Lien Release and Discharge of Obligations.

(a) Upon the Administrative Agent's receipt of the Release Amount on or before the Outside Date in accordance with this Agreement:

(i) the Administrative Agent and each other Secured Party shall, on the Closing Date, fully, completely and irrevocably release all of its Liens, claims and other encumbrances on (x) the Assets such that the Buyer shall obtain such Assets free and clear of all Liens, claims and encumbrances of the Administrative Agent, the Lenders and the Swap Counterparties, and (y) all other Collateral and other assets of the Borrower or any other Loan Parties on which the Administrative Agent, Lenders or other Secured Parties have or may have a Lien;

(ii) notwithstanding anything to the contrary in any Loan Document or Specified Hedge Contract, subject to Section 3(c), each of the Secured Parties agree and acknowledge all Obligations owing or payable as of the Closing Date (other than the Release Amount) shall be deemed to be satisfied and discharged in full and forever released, including any amounts of Obligations that remain outstanding following payment of the Release Amount, and none of the Secured Parties may, except as otherwise set forth in Section 3(c), assert claims or seek payment for any other amounts arising under the Loan Documents or Specified Hedge Contracts other than claims for any indemnification or other provision in the Credit Agreement or other Loan Document or Specified Hedge Contract that by its express terms survives the termination of the Credit Agreement or such other Loan Document or Specified Hedge Contract;

(iii) the Administrative Agent and the other Secured Parties agree that on the Closing Date, after the Administrative Agent's receipt of the Release Amount and giving effect to the transactions contemplated by this Agreement, (a) the Administrative Agent (or its designee) shall file UCC termination statements in form and substance satisfactory to the Administrative Agent, the Borrower and the Term Loan Agent to terminate any UCC financing statements filed pursuant to the Credit Agreement, any other Loan Document or the Specified Hedge Contracts, (b) the Administrative Agent shall execute and deliver to the Borrower (or its designee) in recordable form, customary mortgage releases reasonably requested by the Borrower or the Term Loan Agent, in form and substance satisfactory to the Borrower, the Administrative Agent and the Term Loan Agent, and the Borrower (or its designee) is authorized to file such releases with the appropriate authority upon such execution and delivery by the Administrative Agent, (c) the Administrative Agent and the other Secured Parties shall deliver to the Borrower (or its designee) all original stock certificates, promissory notes and all other Collateral in the Administrative Agent's or such Secured Party's possession, and (d) the Administrative Agent and the other Secured Parties agree to take such additional steps as may from time to time reasonably be requested by the Borrower or Term Loan Agent, in each case, at the expense of the Borrower, to evidence the release of the Collateral from any mortgages, liens, pledges, assignments or security interests in favor of the Administrative Agent or other Secured Parties under any of the Security Instruments; and

(iv) the Secured Parties, the Borrower and the Guarantors agree that the Credit Agreement, the other Loan Documents and each Specified Hedge Contract shall automatically terminate without any further obligations or amounts owing to the Secured Parties (the "Termination"); provided that, notwithstanding anything to the contrary in this Section 3, any indemnification or other provision in the Credit Agreement or other Loan Document or Specified Hedge Contract that by its express terms survives the termination of the Credit Agreement or such other Loan Document or Specified Hedge Contract, as applicable, and any confidentiality provisions in the Credit Agreement, shall continue in full force and effect.

(b) **Effective upon the Termination, without limitation of the releases set forth in Section 8 hereof and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and each other Loan Party hereby, for itself and its successors and assigns, fully and without reserve, releases, acquits, and forever discharges each Secured Party, its respective successors and assigns, officers, directors, employees, representatives, trustees, attorneys, agents and each other Related Party of such Secured Party (collectively the "Released Parties" and individually a "Released Party") from any and all actions, claims, demands, causes of action, judgments, executions, suits, debts, liabilities, costs, damages, expenses or other obligations of any kind and nature whatsoever, direct and/or indirect, at law or in equity, whether now existing or hereafter asserted, whether absolute or contingent, whether due or to become due, whether disputed or undisputed, whether known or unknown (INCLUDING, WITHOUT LIMITATION, ANY OFFSETS, REDUCTIONS, REBATEMENT, CLAIMS OF USURY OR CLAIMS WITH RESPECT TO THE NEGLIGENCE OF ANY RELEASED PARTY) (collectively, the "Released Claims"), for or because of any matters or things occurring, existing or actions done, omitted to be done, or suffered to be done by any of the Released Parties, in each case, on or prior to the Termination and are in any way directly or indirectly arising out of or in any way connected to any of this Agreement, the Credit Agreement, any other Loan Document or Specified Hedge Contract, or any of the transactions contemplated hereby or thereby (collectively, the "Released Matters"). Each Loan Party, by execution hereof, hereby acknowledges and agrees that the agreements in this Section 3(b) are intended to cover and be in full satisfaction for all or any alleged injuries or damages arising in connection with the Released Matters herein compromised and settled. Each Loan Party hereby further agrees that it will not sue any Released Party on the basis of any Released Claim released, remised and discharged by the Loan Parties pursuant to this Section 3(b). In entering into this Agreement, each Loan Party consulted with, and has been represented by, legal counsel and expressly disclaim any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth herein do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. The provisions of this Section 3(b) shall survive the termination of this Agreement, the Credit Agreement and the other Loan Documents and Specified Hedge Contracts, the payment in full of the Obligations and the termination of the Commitments. Nothing in this Section 3(b) shall apply with respect to any breach of this Agreement by a Secured Party.**

(c) Notwithstanding anything to the contrary contained herein, in the event any payment made to, or other amount or value received by, any Secured Party from or for the account of the Borrower or any Guarantor is avoided, rescinded, set aside or must otherwise be returned or repaid by such Secured Party whether in any bankruptcy, reorganization, insolvency or similar proceeding involving the Borrower, any Guarantor, or otherwise, the indebtedness intended to be repaid thereby shall be reinstated (without any further action by any party) and shall be enforceable against the Borrower and the Guarantors. In such event, the Borrower and the Guarantors shall be and remain liable to such Secured Party for the amount so repaid or recovered to the same extent as if such amount had never originally been received by such Secured Party.

(d) The Administrative Agent may terminate this Agreement without the consent of any other party hereto on the earlier (the date of any such termination, the "Termination Date") of (i) 5:00 p.m., New York time, on the Outside Date if the Administrative Agent has not received the Release Amount, and (ii) the occurrence of any Event of Default (other than the Specified Events of Default) or any breach or default by the Borrower or any Guarantor under this Agreement to the extent such breach or default is not cured within five (5) Business Days of the Borrower having notice thereof. On the Termination Date, the Administrative Agent, the Lenders and the Swap Counterparties shall have no further obligations under this Agreement, including, without limitation, any obligations to release its Liens on the Assets or any obligations under Section 6 hereof (and any and all obligations of the Administrative Agent, the Lenders and the Swap Counterparties under this Agreement shall be null and void on and after the Termination Date).

Section 4. Reaffirmation of Liens and Guaranty. Each of the Borrower and each Guarantor (i) is party to certain Security Instruments securing and supporting the Borrower's and Guarantors' obligations under the Loan Documents and the Specified Hedge Contracts, (ii) represents and warrants that according to their terms the Security Instruments will continue in full force and effect to secure the Borrower's and Guarantors' obligations under the Loan Documents and the Specified Hedge Contracts, as the same may be amended, supplemented, or otherwise modified, and (iii) acknowledges, represents, and warrants that the liens and security interests created by the Security Instruments and this Agreement are valid and subsisting and create an Acceptable Security Interest in the Collateral to secure the Borrower's and Guarantors' obligations under the Loan Documents and the Specified Hedge Contracts, as the same may be amended, supplemented, or otherwise modified. Each Guarantor hereby ratifies, confirms, and acknowledges that its obligations under the Guaranty are in full force and effect and that such Guarantor continues to unconditionally and irrevocably guarantee the full and punctual payment, when due, whether at stated maturity or earlier by acceleration or otherwise, of all of the Obligations. Each Guarantor hereby acknowledges that its execution and delivery of this Agreement do not indicate or establish an approval or consent requirement by such Guarantor under the Guaranty in connection with the execution and delivery of amendments, modifications or waivers to the Credit Agreement, the Notes or any of the other Loan Documents or Specified Hedge Contracts.

Section 5. Representations and Warranties. Each of the Borrower and each Guarantor represents and warrants to the Administrative Agent, the Lenders, and the Swap Counterparties that:

(i) the representations and warranties set forth in the Credit Agreement, the Guaranties and in the other Loan Documents and Specified Hedge Contracts (other than Section 4.14(b) of the Credit Agreement or any other representation and warranty relating solely to the existence of a Default or Event of Default that is untrue due to the existence of the Specified Events of Default (as defined in the Forbearance Agreement)) are true and correct in all material respects as of the date of this Agreement (except to the extent such representations and warranties relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); *provided that* such materiality qualifier shall not apply if such representation or warranty is already subject to a materiality qualifier in the Credit Agreement or such other Loan Document or Specified Hedge Contracts;

(ii) (i) the execution, delivery, and performance of this Agreement are within the corporate, limited liability company or other power and authority of the Borrower or such Guarantor, as applicable, and have been duly authorized by appropriate proceedings and (ii) this Agreement constitutes a legal, valid, and binding obligation of the Borrower or such Guarantor, as applicable, enforceable against the Borrower or such Guarantor in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity;

(iii) as of the date of this Agreement, the Borrower is justly and truly indebted in the following Swap Termination Amounts, without defense, offset, counterclaim or recoupment, and which Swap Termination Amounts constitute Obligations (the "Hedge Close Out Amounts"): (i) the Close-out Amount (as defined in the MS Hedge Contract) owed by the Borrower in respect of MS Hedge Contract is $7,336,578.34; (ii) the Termination Amount (as defined in that certain letter agreement between the Borrower and Société Générale dated April 15, 2021) owed by the Borrower in respect of the termination of the transactions under the SG Hedge Contract is $597,015.87; and (iii) the aggregate amount owed by the Borrower to Associated Bank, National Association in respect of the termination of the transactions under the AB Hedge Contract is $88,745.60, in each case of (i) – (iii) plus accrued and unpaid interest at the applicable rate and in accordance with the terms of the Agreement, Joinder, Amendment to Forbearance Agreement and Amendment No. 11 to Credit Agreement dated as of April 28, 2021 by and among the Borrower, the Guarantors, the RBL Agent and the Revolving Lenders (such interest, the "Hedge Close Out Amount Interest"); provided, that notwithstanding anything herein to the contrary, the claims arising under the EWB Hedge Contract shall not exceed the EWB Hedge Contract Cap; and

(iv) as of the effectiveness of this Agreement and after giving effect hereto, no Default or Event of Default (other than the Specified Events of Default) has occurred and is continuing.

Section 6. Effectiveness. This Agreement shall become effective and enforceable against the parties hereto, upon the occurrence of the following conditions precedent (such date being the "Effective Date"):

(i) The Administrative Agent shall have received multiple original counterparts, as requested by the Administrative Agent, of this Agreement duly and validly executed and delivered by each Lender and each Swap Counterparty and duly authorized officers of the Borrower and the Guarantors.

(ii) The representations and warranties in this Agreement shall be true and correct before and after giving effect to this Agreement (other than Section 4.14(b) of the Credit Agreement or any other representation and warranty relating solely to the existence of a Default or Event of Default that is untrue due to the existence of the Specified Events of Default).

(iii) No Default or Event of Default (other than the Specified Events of Default) shall have occurred and be continuing.

(iv) No event that would constitute a breach or default by the Borrower or any Guarantor of the terms and conditions of this Agreement (including, without limitation, under Section 2(a) hereof) shall have occurred and be continuing as of the Effective Date.

(v) (i) The Administrative Agent shall have received a copy of a fully executed forbearance agreement amendment dated as of the date hereof with respect to the Senior Secured Term Loan Agreement among the Borrower, the other Loan Parties, the lenders party to the Senior Secured Term Loan Agreement, and Angelo Gordon Energy Servicer, LLC, as administrative agent (the "Term Loan Agent"), which shall (A) temporarily forbear all defaults caused by or corresponding to the Specified Events of Default under and pursuant to the Senior Secured Term Loan Agreement, including any cross-defaults, until a date no earlier than 5:00 p.m. (New York time) on January 3, 2022, (B) provide for the release of the Liens of the lenders party to the Senior Secured Term Loan Agreement and the Term Loan Agent on the Assets upon the consummation of the transactions contemplated by the APA and the Administrative Agent's receipt of the Net Sale Proceeds on the Closing Date in accordance with the terms thereof, and (C) otherwise be in a form satisfactory to the Administrative Agent (the "Second Lien Forbearance") and (ii) the Second Lien Forbearance shall be effective or shall become effective on the Effective Date substantially simultaneously with this Agreement.

(vi) The Administrative Agent shall have received such other certificates, documents, instruments and agreements as the Administrative Agent may reasonably request in connection herewith.

(vii) The Borrower shall have paid (i) all costs, expenses, and fees of the Administrative Agent and each Lender which have been invoiced and are required to be reimbursed by the Borrower pursuant to Section 9.04 of the Credit Agreement or any other written agreement (regardless of whether demand therefor has been made), and (ii) all costs, expenses and fees of the Administrative Agent and each Lender incurred in connection with the preparation, negotiation and delivery of this Agreement.

Section 7. Acknowledgments and Agreements.

(a) Cooperation.

(i) The Borrower hereby covenants and agrees that it shall and shall cause each of its Subsidiaries, and shall use commercially reasonable efforts to cause each of their respective officers, directors, employees and advisors to (i) cooperate fully with RPA, financial advisor to the Administrative Agent, in connection with RPA's review, analysis, and evaluation of the Borrower's and its Subsidiaries' financial affairs, finances, financial conditions, business, and operations (including historical financial information and projections) and (ii) cooperate fully with the Administrative Agent, the Lenders, the Swap Counterparties, and their respective designees in furnishing information reasonably available to the Borrower and its Subsidiaries as and when requested by the Administrative Agent, the Lenders, the Swap Counterparties, and their respective designees, including, without limitation, the Borrower's and its Subsidiaries' financial affairs, finances, financial condition, business, and operations.

(ii) The Administrative Agent, on behalf itself and the Lenders, agrees that, during the period between the date of this Agreement and the earlier of the Closing Date (after giving effect to the transactions contemplated by the APA) and the Termination Date, it shall support and take such commercially reasonable actions as may be reasonably requested by the Borrower to facilitate the consummation of the transactions contemplated by the APA and it shall not, and shall not encourage any person or entity to, take any action to interfere with the consummation of the transactions contemplated by the APA.

(iii) The Borrower shall not agree or otherwise consent to any amendment, restatement, supplement, modification or replacement of the Second Lien Forbearance without the prior written consent of the Administrative Agent.

(iv) Each of the Lenders, Swap Counterparties and Administrative Agent agrees to fully support and take all actions necessary to effectuate the release of Liens subject to and in accordance with the terms hereof, and each of the Lenders, Swap Counterparties and Administrative Agent further agrees not to, and not to direct the Administrative Agent to, exercise remedies on any Specified Events of Default so long as this Agreement remains in full force and effect.

(b) Requested Information. At the reasonable request of the Administrative Agent, the Lenders, the Swap Counterparties, and their respective designees, subject to privilege and other confidentiality requirements, the Borrower hereby agrees that it shall use its commercially reasonable efforts to cause the chief executive officer, the chief financial officer, and such other officers, directors, employees, and advisors of the Borrower to make themselves available to discuss any matters regarding the Borrower's or any Subsidiary's financial affairs, finances, financial condition, business, and operations, all upon reasonable notice during normal business hours to fully disclose to the Administrative Agent, the Lenders, the Swap Counterparties, and their respective designees all information reasonably requested by the Administrative Agent, the Lenders, the Swap Counterparties, and their respective designees regarding the foregoing.

(c) Obligations. Each Loan Party acknowledges that on the date hereof all outstanding Obligations are payable in accordance with their terms (including the accrual of the interest at the rate set forth in clause (c) above), and each Loan Party waives any defense, offset, counterclaim or recoupment, in each case existing on the date hereof, with respect to such Obligations. Each Loan Party, the Administrative Agent, and each other party hereto acknowledges and agrees that the Credit Agreement and each other Loan Document and each Specified Hedge Contract is and remains in full force and effect, and each Loan Party acknowledges and agrees that its respective liabilities and obligations under the Credit Agreement, the Guaranty, the Security Instruments and the Specified Hedge Contracts are not impaired in any respect by this Agreement.

(d) Reservation of Rights. Subject to Section 7(a), the Administrative Agent, the Lenders, and the Swap Counterparties hereby expressly reserve all of their rights, remedies, and claims under the Loan Documents and the Specified Hedge Contracts. Other than as expressly set forth in this Agreement including Section 3(a), this Agreement shall not constitute a waiver or relinquishment of (i) any Default or Event of Default or termination event under any of the Loan Documents or any of the Specified Hedge Contracts, including but not limited to, the Specified Events of Default, (ii) any of the agreements, terms or conditions contained in any of the Loan Documents or any of the Specified Hedge Contracts, (iii) any rights or remedies of the Administrative Agent or any Lender with respect to the Loan Documents or any rights or remedies of any Swap Counterparty with respect to its respective Specified Hedge Contracts, or (iv) the rights of the Administrative Agent or any Lender to collect the full amounts owing to them under the Loan Documents or the rights of any Swap Counterparty to collect the full amounts owing to it under its Specified Hedge Contracts.

(e) This Agreement. Without limiting the foregoing, any breach of the representations, warranties, and covenants under this Agreement that remain uncured five (5) Business Days following the Borrower having notice thereof shall be a Default or Event of Default, as applicable, under the Credit Agreement.

(f) Lenders' and Swap Counterparties' Rights. The Lenders and the Swap Counterparties, except as expressly set forth in this Agreement including Section 3(a) and Section 7(a), (A) expressly retain and reserve all their rights and remedies available to them at any time (including, without limitation, (i) the right to declare the Advances, all interest thereon, and all other amounts payable under the Loan Documents to be forthwith due and payable, whereupon each Advance, all such interest, and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, (ii) the right to charge a default rate of interest as set forth in the Credit Agreement or Amendment No. 11, (iii) the right to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by any Lender to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower and any other Loan Party now or hereafter existing under the Credit Agreement or any other Loan Document or Specified Hedge Contract, irrespective of whether or not such Lender shall have made any demand under the Credit Agreement or such other Loan Document or Specified Hedge Contract and although such obligations may be unmatured, (iv) the right to terminate their respective Specified Hedge Contracts in accordance with the terms thereof, and (v) the right to engage additional counsel and other advisors at the Borrower's expense and without any further notice, except for the notice, if any, required under the Credit Agreement or applicable law; and (B) do not waive the Specified Events of Default; any such waiver, if done, would only be effective to the extent, and subject to terms and conditions, set forth in a separate written instrument executed and delivered by all the Lenders or the Required Lenders, as required under the Credit Agreement.

(g) Hedge Terminations and Payments.

(i) The Borrower agrees that, until the termination of this Agreement, the Borrower shall not, nor shall it permit any of its Subsidiaries, to make any payment (other than monthly hedge settlement payments in the ordinary course of business, mandatory prepayments under clauses (v) and (vi) of Section 2.05(b) of the Credit Agreement, and payments required under Section 8(c)(ii) of the First Forbearance Amendment) in respect of any Specified Hedge Contract, including any Specified Hedge Contract that has been subject to a Hedge Termination; *provided*, that the Borrower shall be permitted and agrees to timely make the payment contemplated by Section 2(a)(v) above. Notwithstanding any other term of the Credit Agreement, a termination of a Specified Hedge Contract or any transaction thereunder shall not be deemed to be a breach of any term of the Credit Agreement (including without limitation Section 5.15 thereof) so long as no enforcement action is taken or litigation is brought in connection with such termination or any other action is taken to collect amounts owing under such Specified Hedge Contract in connection with such termination (provided that a Swap Counterparty may demand payment of the close out amount either under any swap termination agreement with the Borrower or any calculation notice required to be delivered in accordance with the terms of the applicable Specified Hedge Contract).

Section 8. **RELEASE. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby, for itself and its successors and assigns, fully and without reserve, releases, acquits, and forever discharges each Secured Party, its respective successors and assigns, officers, directors, employees, representatives, trustees, attorneys, agents and each other Related Party of such Secured Party (collectively the "Released Parties" and individually a "Released Party") from any and all actions, claims, demands, causes of action, judgments, executions, suits, debts, liabilities, costs, damages, expenses or other obligations of any kind and nature whatsoever, direct and/or indirect, at law or in equity, whether now existing or hereafter asserted, whether absolute or contingent, whether due or to become due, whether disputed or undisputed, whether known or unknown (INCLUDING, WITHOUT LIMITATION, ANY OFFSETS, REDUCTIONS, REBATEMENT, CLAIMS OF USURY OR CLAIMS WITH RESPECT TO THE NEGLIGENCE OF ANY RELEASED PARTY) (collectively, the "Released Claims"), for or because of any matters or things occurring, existing or actions done, omitted to be done, or suffered to be done by any of the Released Parties, in each case, on or prior to the Effective Date and are in any way directly or indirectly arising out of or in any way connected to any of this Agreement, the Credit Agreement, any other Loan Document or Specified Hedge Contract, or any of the transactions contemplated hereby or thereby (collectively, the "Released Matters"). Each Loan Party, by execution hereof, hereby acknowledges and agrees that the agreements in this Section 8 are intended to cover and be in full satisfaction for all or any alleged injuries or damages arising in connection with the Released Matters herein compromised and settled. Each Loan Party hereby further agrees that it will not sue any Released Party on the basis of any Released Claim released, remised and discharged by the Loan Parties pursuant to this Section 8. In entering into this Agreement, each Loan Party consulted with, and has been represented by, legal counsel and expressly disclaim any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth herein do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. The provisions of this Section 8 shall survive the termination of this Agreement, the Credit Agreement and the other Loan Documents and Specified Hedge Contracts, the payment in full of the Obligations and the termination of the Commitments.**

Section 9. **Choice of Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

Section 10. **WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR SPECIFIED HEDGE CONTRACT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND SPECIFIED HEDGE CONTRACTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

Section 11. **Miscellaneous**.

(i) **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original. Delivery of this Agreement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

(ii) **NO ORAL AGREEMENT.** THIS AGREEMENT, THE CREDIT AGREEMENT, THE OTHER LOAN DOCUMENTS AND THE SPECIFIED HEDGE CONTRACTS 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 AMONG THE PARTIES.

(iii) **Payment of Expenses**. The Borrower agrees to pay or reimburse the Administrative Agent and each Lender for all of its costs and expenses incurred in connection with this Agreement, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the fees, charges and disbursements of counsel to the Administrative Agent and each Lender.

(iv) **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(v) **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(vi) **Amendments, Etc**. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Borrower or any Subsidiary therefrom, shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

[The remainder of this page has been left blank intentionally.]

EXECUTED as of the date first set forth above.

**BORROWER:**

**ABRAXAS PETROLEUM CORPORATION**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President and Chief Financial Officer

**GUARANTORS:**

**ABRAXAS PROPERTIES INCORPORATED**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President, Treasurer and Assistant Secretary

**SANDIA OPERATING CORP.**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President, Treasurer and Assistant Secretary

**RAVEN DRILLING, LLC**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President, Treasurer and Assistant Secretary

SOCIÉTÉ GÉNÉRALE, as Administrative Agent, a Lender and as a Swap Counterparty

By: /s/ Emmanuel Chesneau
Name: Emmanuel Chesneau
Title: Managing Director

TEXAS CAPITAL BANK, N.A., as a Lender

By: /s/ Davis Browning
Name: Davis Browning
Title: AVP

[Signature Page to Agreement – Abraxas Petroleum Corporation]

CADENCE BANK, as a Lender

By: /s/ Eric Broussard
Name: Eric Broussard
Title: Executive Vice President

ZIONS BANCORPORATION, N.A. DBA AMEGY BANK, as a Lender

By: /s/ G. Scott Collins
Name: G. Scott Collins
Title: Executive Vice President

CIT BANK, N.A. , as a Lender

By: /s/ John S. Usi III
Name: John S. Usi III
Title: Senior Vice President

ASSOCIATED BANK, N.A., as a Lender and as a Swap Counterparty

By: /s/ Farhan Iqbal
Name: Farhan Iqbal
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ James P. Cecil
Name: James P. Cecil
Title: Senior Vice President

EAST WEST BANK, as a Lender and as a Swap Counterparty

By: /s/ Gwen Sizemore
Name: Gwen Sizemore
Title: First Vice President

MORGAN STANLEY CAPITAL GROUP INC., as a Lender and as a Swap Counterparty

By: /s/ Parker Corbin
Name: Parker Corbin
Title: Chairman, President, CEO

**[SIGNATURE PAGE TO WAIVER AND AMENDMENT NO. 10]**

**Exhibit 10.3**

# EXCHANGE AGREEMENT

**dated as of January 3, 2022**

**by and among**

**ABRAXAS PETROLEUM CORPORATION**

**and**

**AG ENERGY FUNDING, LLC**

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**EXCHANGE AGREEMENT**, dated as of January 3, 2022 (this "**Agreement**"), by and among Abraxas Petroleum Corporation, a Nevada corporation (the "**Company**"), and AG Energy Funding, LLC, a Delaware limited liability company (the "**Purchaser**" and each of the Company and the Purchaser referred to herein as a "**Party**" and together, the "**Parties**").

**RECITALS:**

WHEREAS, the Company has entered into a Purchase and Sale Agreement (as it may be amended or supplemented from time to time, the "**PSA**" and, the transactions contemplated thereby, the "**Bakken Sale**"), by and among the Company (as the "**Seller**" thereto), Lime Rock Resources V, L.P., a Delaware limited partnership ("**Lime Rock**"), pursuant to which the Company will sell to and Lime Rock will purchase certain Assets (as defined in the PSA) relating to the Company's business in the Bakken Formation in North Dakota;

WHEREAS, the Company has entered into (a) that certain Settlement and Lien Release Agreement, dated as of the date hereof, by and among the Company, the lenders and the administrative agent under the First Lien Debt Agreement (as defined below) and certain hedge contract counterparties pursuant to which the administrative agent has agreed to release its liens and security interests arising under the First Lien Debt Agreement and (ii) the lenders and hedge counterparties under the First Lien Debt Agreement and the related secured hedge contracts have agreed to terminate the First Lien Debt Agreement and related loan documents and release any remaining obligations upon payment of the Release Amount (as defined in such Settlement and Lien Release Agreement) (the "**First Lien Release Agreement**") and (b) that certain Amendment No. 2 to Forbearance Agreement, dated as of the date hereof, with the lenders and administrative agent under the Second Lien Debt Agreement (as defined below) (such Amendment, together with Forbearance Agreement to which it relates, the "**Second Lien Forbearance**").

WHEREAS, in connection with and pursuant to this Agreement, the Seller will issue and sell Series A Preferred Stock of the Seller;

WHEREAS, in connection with the completion of the Bakken Sale and the Exchange (as defined below), the Company proposes to issue to the Purchaser shares of its preferred stock, par value $0.01 per share, designated as "Series A Preferred Stock" (the "**Preferred Stock**"), having the terms set forth in the Certificate of Designation (the "**Certificate**") in the form attached to this Agreement as Exhibit A, in exchange for the transfer to the Company by Purchaser of all its claims outstanding under the Second Lien Debt (the "**Claims**"), which such claims will thereafter automatically be deemed paid and satisfied in full, discharged, terminated, released and cancelled for all purposes under the Second Lien Debt Agreement, subject to the terms and conditions set forth in this Agreement;

WHEREAS, capitalized terms used in this Agreement have the meanings set forth in Section 5.10 or such other Section indicated in the preceding Index of Defined Terms.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the Parties agree as follows:

## ARTICLE I

## PURCHASE; CLOSING

Section 1.1 Exchange; and Subsequent Funding.

(a) Upon the terms and conditions set forth herein, at the Closing, the Purchaser shall transfer to the Company, and the Company shall acquire from the Purchaser, all of the Claims held by the Purchaser in exchange for the issuance by the Company of 685,505 shares of Series A Preferred Stock (the "**Stock Consideration**") to the Purchaser (the "**Exchange**"), and effective upon such Exchange, all of the Claims in favor of the Purchaser shall automatically be deemed paid and satisfied in full, discharged, terminated, released and cancelled for all purposes under the Second Lien Credit Agreement. Subject to the other terms and conditions of this Agreement, the Exchange will occur immediately following (a) the consummation of the transactions contemplated by the PSA and (b) the consummation of the transactions contemplated by the First Lien Release Agreement.

(b) At any time following the Closing, the Purchaser may (in its sole discretion), but only with the approval of the Company's disinterested directors, make a cash contribution to the Company in an aggregate amount not to exceed $12,000,000.00, and in exchange therefor the Tier One Preference Amount (as defined in the Certificate) of the shares of Preferred Stock held by Purchaser will be increased as provided in the Certificate.

Section 1.2 Closing.

(a) Subject to the terms and conditions hereof, the closing of the Exchange (the "**Closing**") shall be held at the offices of Simpson Thacher & Bartlett LLP, 600 Travis Street, Suite 5400, Houston, Texas 77002, at 8:00 a.m. Houston time on the date of the closing of the transactions contemplated by the PSA, or at such other time and place as the Company and the Purchaser agree (the "**Closing Date**").

(b) In addition and subject to the satisfaction or waiver on the Closing Date of the conditions to the Closing in Section 1.3, at the Closing:

(i) the Company will (A) cause the number of shares of Stock Consideration to be registered in the name of Purchaser (or its Affiliate designee) with the transfer agent of the Company in book-entry form and (B) deliver to the Purchaser all other documents, instruments and writings required to be delivered by the Company to the Purchaser pursuant to this Agreement or otherwise required in connection herewith; and

(ii) the Purchaser will (A) deliver to the Company an Assignment and Assumption Agreement, in the form attached hereto as Exhibit B (the "**Assignment and Assumption Agreement**"), duly executed by Purchaser, pursuant to which Purchaser will assign the Claims to the Company at the Closing, (B) fully, completely and irrevocably release all of its Liens, claims and other encumbrances on the assets of the Company that relate to the Second Lien Debt and (B) deliver to the Company all other documents, instruments and writings required to be delivered by the Purchaser to the Company pursuant to this Agreement.

Section 1.3 Closing Conditions.

(a) The obligations of the Purchaser, on the one hand, and the Company, on the other hand, to effect the Closing is subject to the satisfaction or, to the extent permitted by applicable Law, waiver by the Purchaser and the Company (acting at the direction of the board of directors of the Company (the "**Board of Directors**")) at or prior to the Closing of the following conditions:

(i) no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any Governmental Entity and no Law shall be in effect restraining, enjoining, making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or the other Transaction Documents; and

(ii) the closing of the transactions contemplated by the PSA and the First Lien Release Agreement shall have occurred in accordance with their terms (subject to any amendments, supplements, waivers or other modifications thereto that are permitted by Section 3.6(c) or otherwise consented to in writing by the Purchaser) (*provided*, *however*, that a Party may not rely on the failure of any such closing to have occurred as a condition to its obligations hereunder if such closing shall not have occurred due to the breach by such Party (or any of its Affiliates) of its obligations under the PSA, the First Lien Release Agreement or the Second Lien Forbearance, as applicable).

(b) The obligations of the Purchaser to effect the Closing are also subject to the satisfaction or, to the extent permitted by applicable Law, waiver by the Purchaser at or prior to the Closing of the following conditions:

(i) (A) the representations and warranties of the Company set forth in Section 2.1 hereof (other than Sections 2.1(a), 2.1(b), 2.1(c), 2.1(e), 2.1(j) and 2.1(q)) shall be true and correct in all respects (without regard to any materiality or Company Material Adverse Effect qualifiers set forth therein) as of the date of this Agreement and as of the Closing Date as though made on and as of such date (except to the extent that such representation or warranty speaks to an earlier date, in which case each of such earlier date) except where the failure of such representations and warranties to be so true and correct would not, individually or in the aggregate, have a Company Material Adverse Effect, and (B) the representations and warranties of the Company set forth in Sections 2.1(a), 2.1(b), 2.1(c), 2.1(e), 2.1(j) and 2.1(q) shall be true in all respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date (except to the extent that such representation or warranty speaks to an earlier date, in which case as of such earlier date);

(ii) the Company shall have performed in all material respects its obligations required to be performed by it pursuant to this Agreement at or prior to the Closing;

(iii) the Purchaser shall have received a certificate signed on behalf of the Company by a senior executive officer certifying to the effect that the conditions set forth in Section 1.3(b)(i), (ii) and (viii) have been satisfied;

(iv) the Company shall have delivered a certificate signed on behalf of the Company by a senior executive officer certifying to the effect that the conditions set forth in Section 1.3(a)(ii) have been satisfied;

(v) the Purchaser shall have received from the Company a certificate of the Secretary of State of the State of Nevada, dated within two (2) business days prior to the Closing Date, to the effect that the Company is in good standing in the State of Nevada;

(vi) the Purchaser shall have received a certificate signed on behalf of the Company by the secretary certifying (x) as to the Articles of Incorporation and Bylaws of the Company, (y) that the Company has adopted and filed the Certificate with the Secretary of State of the State of Nevada and (z) that the Certificate is in full force and effect;

(vii) the Purchaser shall have received from the Company duly signed resignations, effective as of the Closing from the members of the Board of Directors named on Schedule 2;

(viii) since the date of this Agreement, no Company Material Adverse Effect shall have occurred;

(ix) the Company shall have reimbursed the Purchaser for its Expense Reimbursement Amount as required pursuant to Section 5.2; and

(x) the Company shall have delivered, or caused to be delivered, to the Purchaser all of the items described in Section 1.3(b).

(c) The obligation of the Company to effect the Closing is also subject to the satisfaction or, to the extent permitted by applicable Law, waiver by the Company (acting at the direction of the Board of Directors) at or prior to the Closing of the following conditions:

(i) the representations and warranties of the Purchaser set forth in Section 2.2 hereof shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of such date (except to the extent that such representation or warranty speaks of an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such date);

(ii) the Purchaser shall have performed in all material respects its obligations required to be performed by it pursuant to this Agreement at or prior to the Closing;

(iii) the Company shall have received a certificate signed on behalf of the Purchaser by a senior executive officer (or equivalent) thereof certifying to the effect that the conditions set forth in Section 1.3(c)(i) and (ii) have been satisfied by the Purchaser; and

(iv) the Purchaser shall have delivered, or caused to be delivered, to the Company all of the items described in Section 1.3(c).

## ARTICLE II

## REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Company. Except as set forth in a correspondingly identified Company Disclosure Schedule attached hereto (*provided*, that any item disclosed in any particular section of the Company Disclosure Schedule attached hereto shall be deemed to be disclosed with respect to any other section to the extent it is reasonably apparent on the face of such disclosure that it applies to such other section), the Company represents and warrants to the Purchaser as of the date hereof and as of the Closing Date as follows:

(a) Organization and Authority.

(i) The Company is a corporation duly organized and validly existing under the Laws of the State of Nevada, has all requisite power and authority to own its properties and conduct its business as presently conducted in the manner described in the SEC Documents and is duly qualified to do business and is in good standing in all jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and where failure to be so qualified would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. True and accurate copies of the Articles of Incorporation and Bylaws, each as in effect as of the date of this Agreement, have been made available to the Purchaser prior to the date hereof.

(ii) As of the close of business on January 2, 2022 (the "**Capitalization Date**"), the Company owns, directly or indirectly, interests in the Company Subsidiaries as set forth on Section 2.1(a)(ii) of the Company Disclosure Schedule. Such ownership interests have been duly authorized and validly issued in accordance with the Organizational Documents of each Company Subsidiary and are fully paid (to the extent required under those documents), and the Company owns, directly or indirectly, such ownership interests free and clear of all Liens (except restrictions under any applicable state or foreign securities Laws). Each Company Subsidiary is duly organized and validly existing under the Laws of its jurisdiction of organization, has all requisite power and authority to own its properties and conduct its business as presently conducted and is duly qualified to do business and is in good standing in all jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and where failure to be so qualified would, individually or in the aggregate, reasonably be expected to be material to the Company. Except as set forth in Section 2.1(a)(ii) of the Company Disclosure Schedule, the Company does not own any Equity Security or other equity interest in any Person. As used herein, "**Subsidiary**" means, with respect to any Person, any corporation, partnership, joint venture, limited liability company or other entity (x) of which such Person or a subsidiary of such Person is a general partner or (y) of which a majority of the voting securities or other voting interests, or a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or Persons performing similar functions with respect to such entity, is directly or indirectly owned by such Person and/or one or more subsidiaries thereof; and "**Company Subsidiary**" means any Subsidiary of the Company.

(b) Capitalization; Indebtedness.

(i) The authorized capital stock of the Company consists of 20,000,000 shares of common stock, par value $0.01 per share of the Company (the "**Common Stock**"), and 1,000,000 shares of Preferred Stock. As of the Capitalization Date, there were 8,420,599 shares of Common Stock outstanding and no shares of Preferred Stock outstanding or designated as a series. As of the close of business on the Capitalization Date, (A) 2,100,000 shares of Common Stock have been reserved for issuance under the Abraxas Petroleum Corporation Amended and Restated 2005 Employee Long-Term Equity Incentive Plan, as amended (the "**Plan**"), and 1,699,972 shares of Common Stock remain available pursuant to the Plan for award as Stock Options, Restricted Stock Awards, and Performance Based Restricted Stock (collectively, the "**Company Stock Awards**") and (B) no shares of Common Stock were held by the Company in its treasury. All of the issued and outstanding shares of Common Stock have been duly authorized and validly issued in accordance with applicable securities Laws and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. From the Capitalization Date through and as of the date of this Agreement, no other shares of Common Stock or Preferred Stock have been issued. The Company does not have outstanding shareholder purchase rights or "poison pill" or any similar arrangement in effect. Except as set forth on Section 2.1(b)(i) of the Company Disclosure Schedules, there are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to the Equity Securities of, or other equity or voting interest in, the Company or any Company Subsidiary to which the Company or any Company Subsidiary is a party or is bound.

(ii) No bonds, debentures, notes or other indebtedness having the right to vote on any matters on which the stockholders of the Company may vote ("**Voting Debt**") are issued and outstanding. As of the date of this Agreement, except (A) pursuant to the surrender of shares to the Company or the withholding of shares by the Company to cover Tax withholding obligations under the Company Stock Awards, (B) as set forth in Section 2.1(b)(i) and (C) the Company does not have and is not bound by any outstanding options, preemptive rights, rights of first offer, registration rights, warrants, calls, commitments or other rights or agreements calling for the purchase or issuance of, or securities or rights convertible into, or exchangeable for, any shares of Common Stock or any other equity securities of the Company or Voting Debt or any securities representing the right to purchase or otherwise receive any shares of capital stock of the Company (including any rights plan or agreement). The Company has no outstanding obligations to provide registration rights to any Person with respect to any Equity Securities of the Company or any of its subsidiaries.

(iii) Immediately following the Closing, except as set forth on Schedule 2.1(b)(iii), the Company and its subsidiaries will not have any obligations in respect of indebtedness for borrowed money.

(c) Authorization.

(i) The Company has the corporate power and authority to enter into this Agreement and the other Transaction Documents and to carry out its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the other Transaction Documents by the Company and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Board of Directors. This Agreement has been, and (as of the Closing) the other Transaction Documents will be, duly and validly executed and delivered by the Company and, assuming due authorization, execution and delivery by the Purchaser, is, and (as of the Closing) each of the other Transaction Documents will be, a valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles). Other than the filing of the Certificate with the Secretary of State of the State of Nevada, no other corporate proceedings are necessary for the execution and delivery by the Company of this Agreement or the other Transaction Documents, the performance by it of its obligations hereunder or thereunder or the consummation by it of the transactions contemplated hereby or thereby.

(ii) Neither the Company nor any Company Subsidiary is (a) in violation of any of the terms, conditions or provisions of (i) the amended and restated articles of incorporation of the Company (the "**Certificate of Incorporation**") or amended and restated bylaws of the Company, as amended (the "**Bylaws**"), or the certificate of incorporation, charter, bylaws or other governing instrument of any Company Subsidiary (together with the Certificate of Incorporation and the Bylaws, the "**Organizational Documents**"), (b) in violation of any Law, statute, ordinance, rule, regulation, permit, or franchise applicable to it or of any judgment, ruling, order, writ, injunction or decree of any Governmental Entity having jurisdiction over the Company or any Company Subsidiary or any of their any respective properties or assets or (c) in breach, default (or an event which, with notice or lapse of time or both, would constitute such a default) or violation in the performance of any obligation, agreement, covenant or condition contained in any note, bond, debenture, or any other evidence of indebtedness or in any agreement, indenture, lease or other agreement or instrument to which the Company or any Company Subsidiary is a Party or by which the Company or any Company Subsidiary or any of their respective properties or assets are bound, which breach, default or violation would, if continued, reasonably be expected to be material to the Company.

(iii) None of the issuance and sale by the Company of the Stock Consideration, the application of the proceeds thereof, the execution, delivery and performance by the Company of this Agreement or the other Transaction Documents, the consummation of the transactions contemplated hereby or thereby, nor compliance by the Company with any of the provisions hereof or thereof, will (subject only to the filing of the Certificate with the Secretary of State of the State of Nevada), (A) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or require consent under, or result in the creation of any Lien upon any of

properties or assets of the Company or any Company Subsidiary under (i) any of the terms, conditions or provisions of their respective Organizational Documents or (ii) any note, bond, mortgage, indenture, deed of trust, license, loan agreement, lease, agreement or other instrument or obligation to which the Company or any Company Subsidiary is a Party or by which it may be bound, or to which the Company or any Company Subsidiary or any of the properties or assets of the Company or any Company Subsidiary may be subject, or (B) violate any Law, statute, ordinance, rule, regulation, permit, franchise or any judgment, ruling, order, writ, injunction or decree applicable to the Company or any Company Subsidiary or any of their respective properties or assets, except in the case of clauses (A)(ii) and (B) for such violations, conflicts and breaches as would not, be material to the Company.

(iv) Neither the execution and delivery of this Agreement or the other Transaction Documents nor the consummation of the transactions contemplated hereby and thereby, either alone or in connection with any other event, will (i) accelerate the timing of vesting, funding or payment, or give rise to any payment or increase the amount or value, of any compensation or benefits to any current or former director, officer, employee or other individual service provider of the Company or any Company Subsidiary or under the Plan, (ii) directly or indirectly cause any of the Company or any Company Subsidiary to transfer or set aside any assets to fund any benefits under the Plan or limit or restrict the right to merge, amend, terminate or transfer the assets of the Plan on or following the Closing, or (iii) give rise to payments or benefits (whether in cash, property or the vesting of property) that would be nondeductible to the payor under Section 280G of the Code or that would result in an excise Tax on any recipient under Section 4999 of the Code.

(v) Other than the securities or "Blue Sky" Laws of the various states, the filing of the Certificate with the Secretary of State of the State of Nevada, no notice to, registration, declaration or filing with, exemption or review by, or authorization, order, consent or approval of, any court, administrative agency or commission or other governmental or arbitral body or authority or instrumentality, whether federal, state, local or foreign, and any applicable industry self-regulatory organization (each, a "**Governmental Entity**"), nor expiration or termination of any statutory waiting period, is necessary for the consummation by the Company of the transactions contemplated by this Agreement or the other Transaction Documents.

(d) Sale of Securities. Assuming the accuracy of the representations and warranties of the Purchaser contained in Section 2.2, the issuance and sale of the Stock Consideration to the Purchaser pursuant to this Agreement is exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and the rules and regulations promulgated thereunder, and neither the Company nor, to the Knowledge of the Company, any person acting on its behalf, has taken nor will take any action hereafter that would cause the loss of such exemption. Without limiting the foregoing, neither the Company nor to the Knowledge of the Company any other Person authorized by the Company to act on its behalf, has engaged in a general solicitation or general advertising (within the meaning of Regulation D of the Securities Act) of investors with respect to offers or sales of the Stock Consideration and neither the Company nor, to the Knowledge of the Company, any Person acting on its behalf has made any offers or sales of any security or solicited any offers to buy any security,

under circumstances that would cause the offering or issuance of Stock Consideration under this Agreement to be integrated with prior offerings by the Company for purposes of the Securities Act that would result in none of Regulation D or any other applicable exemption from registration under the Securities Act to be available, nor will the Company take any action or steps that would cause the offering or issuance of the Stock Consideration under this Agreement to be integrated with other offerings.

(e) Status of Securities. The shares of Stock Consideration have been duly authorized by all necessary corporate action. When issued against receipt of the consideration therefor as provided in this Agreement, such Stock Consideration will be validly issued, fully paid and nonassessable, will not subject the holders thereof to personal liability, will not be subject to preemptive rights of any other stockholder of the Company, and will effectively vest in the Purchaser good and marketable title to all such securities, be free and clear of all Liens, except restrictions imposed by the Securities Act, the Certificate and any applicable state or foreign securities Laws. The respective rights, preferences, privileges and restrictions of the Preferred Stock and the Common Stock are as stated in the Articles of Incorporation (including the Certificate) or as otherwise provided by the mandatory provisions of Chapter 78 of the Nevada Revised Statutes, as amended (the "**Nevada Act**").

(f) SEC Documents; Financial Statements.

(i) The Company has filed all required reports, proxy statements, forms, and other documents with the U.S. Securities and Exchange Commission (the "**SEC**") since December 31, 2018 (collectively, the "**SEC Documents**"). Each of the SEC Documents, as of its respective date complied as to form in all material respects with the requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and, except to the extent that information contained in any SEC Document has been revised or superseded by a later filed SEC Document filed and publicly available prior to the date of this Agreement, none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(ii) The Company (A) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are reasonably designed to ensure that material information relating to the Company, including its consolidated Subsidiaries, is accumulated and communicated to management of the Company, including its principal executive officers and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure to be made and for the preparation of the Company's filings with the SEC, (B) has ensured such disclosure controls and procedures are effective in all material respects to perform the functions for which they were established to the extent required by Rule 13a- 15 of the Exchange Act and (C) has disclosed, based on its most recent evaluation prior to the date of this Agreement, to the Company's outside auditors and the audit committee of the Board of Directors (I) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a- 15(f) under

the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (II) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(iii) The financial statements of the Company and its consolidated Subsidiaries contained or incorporated by reference in the SEC Documents (including the related notes and supporting schedule) (A) complied as to form in all material respects in with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, in each case as of the date such SEC Document was filed, (B) have been prepared in accordance with generally accepted accounting principles ("**GAAP**") applied on a consistent basis during the periods involved (except as may be indicated in such financial statements or the notes thereto or as permitted by Regulation S-X) and (C) fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows of the Company and its consolidated Subsidiaries for the periods then ended (subject, in the case of unaudited statements, to normal recurring audit adjustments).

(iv) Since the date of the most recent balance sheet of the Company audited by the Company's auditor, the interactive data in eXtensible Business Reporting Language included or incorporated by reference in the SEC Documents fairly presents the information called for in all material respects and has been prepared in accordance with the SEC's rules and guidelines applicable thereto in all material respects.

(g) Undisclosed Liabilities. Except for (i) those liabilities that are reflected or reserved for in the consolidated financial statements of the Company included in its Quarterly Report on Form 10-Q for the nine months ended September 30, 2021, (ii) liabilities incurred since September 30, 2021 in the ordinary course of business (including incremental borrowings under the Company's revolving credit facility) and (iii) liabilities incurred pursuant to the transactions contemplated by this Agreement and the other Transaction Documents, the Company and the Company Subsidiaries do not have any material liabilities or obligations of any nature whatsoever (whether accrued, absolute, contingent or otherwise) that are required to be reflected in the Company's financial statements in accordance with GAAP.

(h) Independent Registered Public Accounting Firm. ADKF, P.C., which has audited the financial statements contained or incorporated by reference in the SEC Documents, is an independent registered public accounting firm with respect to the Company and the consolidated Company Subsidiaries within the meaning of the Securities Act and the applicable rules and regulations thereunder adopted by the Commission and the Public Company Accounting Oversight Board (United States). ADKF, P.C. has not resigned or been dismissed as independent registered public accountants of the Company and the consolidated Company Subsidiaries as a result of or in connection with any disagreement with the Company or any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

(i) No Restrictions. Except as described in the Organizational Documents, there are no restrictions upon the voting or transfer of any Equity Securities of the Company or the Company Subsidiaries.

(j) Brokers and Finders. Except for Petrie Partners Securities, LLC, the fees and expenses of which will be paid by the Company, neither the Company nor any of the Company Subsidiaries or any of their respective officers, directors, employees or agents has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions or finder's fees, and no broker or finder has acted directly or indirectly for the Company in connection with this Agreement, the other Transaction Documents or the transactions contemplated hereby and thereby.

(k) Litigation. There is no action, suit, proceeding, claim, injunction or investigation pending or, to the Knowledge of the Company, threatened against, nor any outstanding judgment, order or decree against, the Company or any of the Company Subsidiaries before or by any Governmental Entity which, if adversely determined, would reasonably be expected to be material to the Company or which challenge the validity of any of the Transaction Documents or the right of the Company to enter into the Transaction Documents or consummate the transactions contemplated hereby or thereby.

(l) Taxes.

(i) Each of the Company and the Company Subsidiaries has filed all income and other material Tax Returns, and such Tax Returns are true, accurate and complete in all material respects;

(ii) All income and other material Taxes owed by the Company and the Company Subsidiaries which are or have become due have been timely paid in full, except for those which are being contested in good faith and in respect of which adequate reserves with respect thereto are maintained in accordance with GAAP;

(iii) There is no material deficiency proposed or assessed with respect to any Taxes or Tax Returns of the Company or a Company Subsidiary;

(iv) Neither the Company nor any of the Company Subsidiaries have executed any waiver of any statute of limitations on the assessment or collection of any material Tax that remains outstanding;

(v) There is no pending audit, suit, proceeding, claim, examination or other administrative or judicial proceedings ongoing, pending, or, to the Knowledge of the Company, threatened or proposed with respect to any material Taxes of the Company or any of the Company Subsidiaries;

(vi) Neither the Company nor any Company Subsidiary has received written notice from a taxing authority in a jurisdiction where it does not file a Tax Return claiming that it is subject to material Tax in that jurisdiction;

(vii) There are no Liens for material Taxes against the property of the Company or any Company Subsidiary except for Permitted Liens;

(viii) The Company and each Company Subsidiary has complied with all Tax withholding and deposit requirements in all material respects;

(ix) Neither the Company nor a Company Subsidiary has engaged in any "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b); and

(x) Neither the Company nor any Company Subsidiary has made an election under Section 965(h) of the Code.

(m) Permits and Licenses. The Company and the Company Subsidiaries possess all certificates, authorizations, franchises, licenses, consents and permits issued by appropriate Governmental Entities (collectively, "**Permits**") necessary or material to the conduct of their respective businesses in the manner described in the SEC Documents, except where the failure to have obtained the same would not, individually or in the aggregate, reasonably be expected to have be material to the Company. The Company and the Company Subsidiaries are in compliance with the terms and conditions of all such Permits and no default under any such Permits has occurred, except where the failure to so comply would not, individually or in the aggregate, reasonably be expected to be material to the Company, and have not received any notice of proceedings relating to the revocation, suspension, termination or modification of any Permits that, if determined adversely to the Company or any the Company Subsidiaries, would, individually or in the aggregate, reasonably be expected to be material to the Company. No consent from any Governmental Entity will be required for any Permit in connection with the due execution, delivery and performance by the Company of this Agreement and the consummation of the Exchange.

(n) Fairness Opinion. Petrie Partners Securities, LLC has delivered an opinion to the Board of Directors, dated as of the date hereof, that the Exchange is fair from a financial point of view to the Company.

(o) Investment Company Act. The Company and each of the Company Subsidiaries is not and after giving effect to the Exchange, will not be (i) an "investment company" as defined in the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"), or (ii) a "business development company" (as defined in Section 2(a)(48) of the Investment Company Act).

(p) Compliance with Laws. The Company and Company Subsidiaries are, and during the prior three years have been, in compliance in all material respects with all applicable Laws relating to the properties and assets of the Company and the Company Subsidiaries and the business of the Company and Company Subsidiaries. To the Knowledge of the Company as of the date of this Agreement, neither the Company nor any of the Company Subsidiaries is being investigated for any material violation of any applicable Law relating to the properties and assets of the Company and the Company Subsidiaries and the business of the Company and Company Subsidiaries.

(q) Absence of Changes. Since December 31, 2018, excluding matters disclosed in the Company's SEC Documents (other than disclosures in the "Risk Factors" sections thereof or any disclosures therein that are cautionary, predictive or forward-looking in nature), there has not been any Company Material Adverse Effect.

(r) Compliance with Sarbanes-Oxley. There is and has been no failure on the part of the Company and any of the Company's directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated in connection therewith applicable to the Company.

(s) Title to Interests. The Company and the Company Subsidiaries have (i) Good and Marketable Title to all of their material interests in their producing oil and gas properties forming the basis for the reserves in the Company's reserve report as of December 31, 2020 filed with the SEC on May 7, 2021 (the "**Reserve Report**") and to all of their material interests in non-producing oil and gas properties, title investigations having been carried out by the Company and the Company Subsidiaries, as applicable, in accordance with the general practice in the oil and gas industry, (ii) good and indefeasible title to all other real property owned by them that is material to the Company and the Company Subsidiaries, taken as a whole, and (iii) good and valid title to all personal property owned by them that is material to the Company and the Company Subsidiaries, taken as a whole, in each case free and clear of all Liens, encumbrances and defects, except such Liens, encumbrances and defects as do not materially interfere with the use made and proposed to be made of such property by the Company or the Company Subsidiaries. Except as would not reasonably be expected to have a Company Material Adverse Effect, all proceeds from the sale of the Company's and Company Subsidiaries' share of oil, condensate, gas, casinghead gas and other liquid or gaseous hydrocarbons being produced from the Company's and Company Subsidiaries' respective oil and gas properties are currently being paid in full to the Company or the Company Subsidiaries, as applicable, by the Purchaser thereof on a timely basis, and none of such proceeds from such hydrocarbons produced from the Company's oil and gas properties that are operated by the Company or an Affiliate of the Company is currently being held in suspense by such purchaser or any other Party. Neither the Company nor any Company Subsidiary has granted any net profits interests or overriding royalty interests in respect of the oil and gas properties other than (x) to the extent reflected in the Reserve Report or (y) as were granted in the ordinary course of business and consistent with industry practice and would not, individually or in the aggregate, be material to the Company.

(t) Intellectual Property. The Company and the Company Subsidiaries own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, know-how, software, systems and technology (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) necessary to conduct their businesses, except as would not, individually or in the aggregate, reasonably be expected to be material to the Company.

(u) Labor and Employment Matters. The Company and Company Subsidiaries are in compliance in all material respects with all applicable Laws relating to employment and employment practices, terms and conditions of employment and wages and hours, and are not engaged in any unfair labor practice. Neither the Company nor any Company Subsidiary has any material liability with respect to misclassification of any Person as an independent contractor, temporary employee, leased employee or any other servant or agent compensated other than through reportable wages (as an employee) paid by the Company or any Company Subsidiary. No labor dispute with the employees of the Company or any Company Subsidiary exists, or, to the Knowledge of the Company, is imminent or threatened that could reasonably be expected to be material to the Company.

(v) Insurance. Each of the Company and the Company Subsidiaries carry, or are covered by, insurance from insurers of recognized financial responsibility in such amounts and covering such risks as is reasonably adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar businesses in similar industries. All policies of insurance of the Company and the Company Subsidiaries are in full force and effect; the Company and the Company Subsidiaries are in compliance with the terms of such policies in all material respects; there are no claims by the Company or any of the Company Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and none of the Company or any of the Company Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business.

(w) Environmental Laws. (a) (i) Neither the Company nor any of the Company Subsidiaries is in violation of, and does not have any liability under, any federal, state, local or non-U.S. statute, Law, rule, regulation, ordinance, code, other requirement or rule of Law or decision or order of any domestic or foreign governmental agency, governmental body or court, relating to pollution, to the use, handling, transportation, treatment, storage, discharge, disposal or release of Hazardous Substances, to the protection or restoration of the environment or natural resources, to occupational health and safety including as such relates to exposure to Hazardous Substances, and to natural resource damages (collectively, "**Environmental Laws**"), (ii) to the Knowledge of the Company, neither the Company nor any of the Company Subsidiaries own, occupy, operate or use any real property contaminated with Hazardous Substances, (iii) neither the Company nor any of the Company Subsidiaries is conducting or funding any investigation, remediation, remedial action or monitoring of actual or suspected Hazardous Substances in the environment, (iv) to the Knowledge of the Company, neither the Company nor any of the Company Subsidiaries is liable or allegedly liable for any release or threatened release of Hazardous Substances, including at any off-site treatment, storage or disposal site in violation of Environmental Law, (v) neither the Company nor any the Company Subsidiaries is subject to any pending, or to the Knowledge of the Company threatened, claim by any Governmental Entity or person arising under Environmental Laws or relating to Hazardous Substances, and (vi) the Company and the Company Subsidiaries have received and are in compliance with all, and have no liability under any, Permits, licenses, authorizations, identification numbers or other approvals required under applicable Environmental Laws for the operation of their business as presently conducted, except in each case covered by clauses (i)–(vi) such as would not, individually or in the aggregate, reasonably be expected to be material to the Company; (b) to the Knowledge of the Company and the Company Subsidiaries there are no facts or circumstances that would reasonably be expected to result in a violation of, liability under, or claim pursuant to any Environmental Law that would reasonably be expected to be material to the Company; and (c) in the ordinary course of its business, the Company and the Company Subsidiaries periodically evaluate the effect, including associated costs and liabilities, of Environmental Laws on the business, properties, results of operations and financial condition of the Company, and, on the basis of such evaluation, the Company and the Company Subsidiaries have reasonably concluded that such Environmental Laws will not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(x) ERISA Compliance. Except, in each case, for any such matter as would not, individually or in the aggregate, reasonably be expected be material to the Company (i) each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")) for which the Company or any of the Company Subsidiaries would have any liability (each an "**ERISA-Subject Plan**") has been maintained in material compliance with its terms and with the requirements of all applicable statutes, rules and regulations including ERISA and the Internal Revenue Code of 1986, as amended (the "**Code**"); (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any ERISA-Subject Plan excluding transactions effected pursuant to a statutory or administrative exemption; (iii) with respect to each ERISA- Subject Plan subject to Title IV of ERISA (A) no "reportable event" (within the meaning of Section 4043(c) of ERISA) has occurred or is reasonably expected to occur, (B) no ERISA- Subject Plan is or is reasonably expected to be "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA) (C) there has been no filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any ERISA-Subject Plan or the receipt by the Company or any of the Company Subsidiaries from the PBGC or the plan administrator of any notice relating to the intention to terminate any ERISA-Subject Plan or ERISA-Subject Plans or to appoint a trustee to administer any ERISA-Subject Plan, (D) no conditions contained in Section 303(k)(1)(A) of ERISA for imposition of a Lien shall have been met with respect to any ERISA- Subject Plan and (E) neither the Company nor any of the Company Subsidiaries has incurred, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the ERISA-Subject Plan or premiums to the Pension Benefit Guaranty Corporation in the ordinary course and without default) in respect of an ERISA-Subject Plan (including a "multiemployer plan," within the meaning of Section 4001(c)(3) of ERISA) ("**Multiemployer Plan**"); (iv) no Multiemployer Plan is, or is expected to be, "insolvent" (within the meaning of Section 4245 of ERISA), in "reorganization" (within the meaning of Section 4241 of ERISA), or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 304 of ERISA); and (v) each ERISA-Subject Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(y) Illegal Payments. Neither the Company nor any of the Company Subsidiaries or, to the Knowledge of the Company, any director, officer, agent, employee, representative or other Person associated with or acting on behalf of the Company or any of the Company Subsidiaries, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "government official" including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any Person acting in an official capacity for or on behalf of any of the foregoing, or any political Party or Party official or candidate for political office to influence official action or secure an improper advantage; and the Company and the Company Subsidiaries have conducted their businesses in compliance with applicable anti-corruption Laws and have instituted and maintain and will continue to maintain policies and procedures designed to promote and achieve compliance with such Laws and with the representation and warranty contained herein.

(z) Anti-Money Laundering Laws. The operations of the Company and the Company Subsidiaries are and have been conducted at all times in compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act of 1970, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and the Company Subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any Governmental Entity or any arbitrator involving the Company or any Company Subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the Knowledge of the Company, threatened.

(aa) Non-Competition. Neither the Company nor any Company Subsidiary is a party to any agreement that would limit the ability of the Purchaser or any of its Affiliates to compete in any line of business or with any Person or in any geographic area or during any period of time.

(bb) Economic Sanctions.

(i) Neither the Company nor any of the Company Subsidiaries, nor any director, officer, or employee thereof, nor, to the Knowledge of the Company, any agent, Affiliate or representative of the Company or any of the Company Subsidiaries, is a Person that is, or is owned or controlled by a Person that is: (A) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control (OFAC), the United Nations Security Council (UN), the European Union (EU), Her Majesty's Treasury (UK HMT), the Swiss Secretariat of Economic Affairs (SECO), the Hong Kong Monetary Authority (HKMA), the Monetary Authority of Singapore (MAS), or other relevant sanctions authority (collectively, "**Sanctions**"), nor (B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea, Burma/Myanmar, Cuba, Iran, North Korea, Sudan and Syria).

(ii) Neither the Company nor any of the Company Subsidiaries will, directly or indirectly, use the proceeds of the sale of the PSA or the Exchange, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or (B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) For the past five (5) years, the Company and the Company Subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(cc) No Additional Representations. **EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES MADE BY THE COMPANY IN THIS SECTION 2.1, NEITHER THE COMPANY NOR ANY OTHER PERSON MAKES (AND THE PURCHASER HEREBY ACKNOWLEDGES AND AGREES ON BEHALF OF ITSELF AND ITS AFFILIATES AND REPRESENTATIVES THAT IT HAS NOT RELIED UPON) ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE STOCK CONSIDERATION OR THE COMPANY OR ANY OF THE COMPANY SUBSIDIARIES OR THEIR RESPECTIVE BUSINESSES, OPERATIONS, ASSETS, LIABILITIES, CONDITION OR PROSPECTS, AND THE COMPANY HEREBY DISCLAIMS ANY SUCH OTHER REPRESENTATIONS OR WARRANTIES. IN PARTICULAR, WITHOUT LIMITING THE FOREGOING DISCLAIMER, NEITHER THE COMPANY NOR ANY OTHER PERSON MAKES OR HAS MADE ANY REPRESENTATION OR WARRANTY TO THE PURCHASER, OR ANY OF ITS AFFILIATES OR REPRESENTATIVES WITH RESPECT TO (I) ANY FINANCIAL PROJECTION, FORECAST, ESTIMATE, BUDGET OR PROSPECT INFORMATION RELATING TO THE COMPANY OR ANY OF THE COMPANY SUBSIDIARIES OR THEIR RESPECTIVE BUSINESS, OR EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES MADE BY THE COMPANY IN THIS SECTION 2.1, ANY ORAL OR WRITTEN INFORMATION PRESENTED TO THE PURCHASER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES IN THE COURSE OF THEIR DUE DILIGENCE INVESTIGATION OF THE COMPANY, THE NEGOTIATION OF THIS AGREEMENT OR IN THE COURSE OF THE TRANSACTIONS CONTEMPLATED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NOTHING IN THIS AGREEMENT SHALL LIMIT THE RIGHT OF THE PURCHASER TO RELY ON THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY CERTIFICATE DELIVERED HEREUNDER, NOR WILL ANYTHING IN THIS AGREEMENT OPERATE TO LIMIT ANY CLAIM BY THE PURCHASER FOR FRAUD.**

Section 2.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company as follows:

(a) Organization and Authority. The Purchaser is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization, is duly qualified to do business and is in good standing in all jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified and where failure to be so qualified would be reasonably expected to materially and adversely affect the Purchaser's ability to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis, and the Purchaser has the corporate or other power and authority and governmental authorizations to own its properties and assets and to carry on its business as it is now being conducted, except where the failure to have such power or authority would not reasonably be expected, individually or in the aggregate, to materially impair the Purchaser's ability to effect the transactions contemplated hereby.

(b) Authorization.

(i) The Purchaser has the corporate or other power and authority to enter into this Agreement and the other Transaction Documents to which it is or will be a party and to carry out its obligations hereunder and thereunder. The execution, delivery and performance by the Purchaser of this Agreement and the other Transaction Documents to which the Purchaser is or will be a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Purchaser, and no further approval or authorization by any of its stockholders, partners, members or other equity owners, as the case may be, is required. Each of this Agreement and the other Transaction Documents to which the Purchaser is or will be a party have been duly and validly executed and delivered by the Purchaser and assuming due authorization, execution and delivery by the Company, is a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms (except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

(ii) The Purchaser is not (a) in violation of any of the terms, conditions or provisions of its certificate of formation, (b) in violation of any Law, statute, ordinance, rule, regulation, permit, or franchise applicable to it or of any judgment, ruling, order, writ, injunction or decree of any Governmental Entity having jurisdiction over the Purchaser or any of its properties or assets or (c) in breach, default (or an event which, with notice or lapse of time or both, would constitute such a default) or violation in the performance of any obligation, agreement, covenant or condition contained in any note, bond, debenture, or any other evidence of indebtedness or in any agreement, indenture, lease or other agreement or instrument to which the Purchaser is a Party or by which the Purchaser or any of its properties or assets are bound, which breach, default or violation in the case of clauses (b) or (c) would, if continued, reasonably be expected to expected to materially and adversely affect the Purchaser's ability to perform its obligations under this Agreement or consummate the transactions contemplated hereby on a timely basis.

(iii) Neither the execution, delivery and performance by the Purchaser of this Agreement or the other Transaction Documents to which it is or will be a party, nor the consummation of the transactions contemplated hereby and thereby, nor compliance by the Purchaser with any of the provisions hereof or thereof, will (A) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or result in the creation of any Lien upon any of the properties or assets of the Purchaser under any of the terms, conditions or provisions of (i) its governing instruments or (ii) any note, bond, mortgage, indenture, deed of trust, license, loan agreement, lease, agreement or other instrument or obligation to which the Purchaser is a Party or by which it may be bound, or to which the Purchaser or any of the properties or assets of the Purchaser may be subject, or (B) subject to compliance with the statutes and regulations referred to in the next paragraph, violate any Law, statute, ordinance, rule or regulation, permit, concession, grant, franchise or any judgment, ruling, order, writ,

injunction or decree applicable to the Purchaser or its properties or assets except in the case of clauses (A)(ii) and (B) for such violations, conflicts and breaches as would not reasonably be expected to materially and adversely affect the Purchaser's ability to perform its obligations under this Agreement or the other Transaction Documents to which it is or will be a party or consummate the transactions contemplated hereby or thereby on a timely basis.

(iv) No notice to, registration, declaration or filing with, or review by, or authorization, written exemption or qualification, order, permit, waiver, license, consent or approval of, any Governmental Entity, is required to be made or obtained by the Purchaser or any of its Affiliates, nor is the expiration or termination of any statutory waiting period, necessary in connection with, the execution, delivery and performance of this Agreement and the other Transaction Documents by the Purchaser and the consummation by the Purchaser of the transactions contemplated by this Agreement or the other Transaction Documents to which it is or will be a party.

(c) Exchange for Investment. The Purchaser acknowledges that the Stock Consideration has not been registered under the Securities Act or under any state securities Laws. The Purchaser (i) acknowledges that it is acquiring the Stock Consideration pursuant to an exemption from registration under the Securities Act solely for investment with no present intention to distribute any of such Stock Consideration to any Person in violation of applicable securities Laws, (ii) will not sell or otherwise dispose of any of the Stock Consideration, except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable securities Laws, (iii) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of its investment in the Stock Consideration and of making an informed investment decision, (iv) is an "accredited investor" (as that term is defined by Rule 501 of the Securities Act) and (v) (A) has been furnished with or has had full access to all the information that it considers necessary or appropriate to make an informed investment decision with respect to the Stock Consideration, (B) has had an opportunity to discuss with management of the Company the intended business and financial affairs of the Company and to obtain information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to it or to which it had access and (C) can bear the economic risk of (x) an investment in the Stock Consideration indefinitely and (y) a total loss in respect of such investment. The Purchaser has such knowledge and experience in business and financial matters so as to enable it to understand and evaluate the risks of and form an investment decision with respect to its investment in the Stock Consideration and to protect its own interest in connection with such investment.

(d) Brokers and Finders. Neither the Purchaser nor any of its Affiliates or any of their respective officers, directors, employees or agents have employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions or finder's fees, and no broker or finder has acted directly or indirectly for the Purchaser, in connection with this Agreement or the transactions contemplated hereby.

(e) Ownership. As of the date of this Agreement, neither the Purchaser nor any of its Affiliates (other than any portfolio company with respect to which the Purchaser is not the Party exercising control over investment decisions) are the owners of record of shares of Common Stock or securities convertible into or exchangeable for Common Stock.

(f) No Public Market. The Purchaser understands that no public market now exists for the Stock Consideration, and that the Company has made no assurances that a public market will ever exist for the Stock Consideration.

(g) Claims. (i) The Purchaser (A) is the beneficial owner of the aggregate principal amount of the Claims set forth directly across from its name on Schedule 1, or (B) has, with respect to the beneficial owners of such Claims, (1) sole investment or voting discretion with respect thereto, (2) full power and authority to vote on and consent to matters concerning such Claims or to exchange, assign, and transfer such Claims and (3) full power and authority to bind or act on the behalf of, such beneficial owners and (ii) other than this Agreement and the other Transaction Documents to which it is a party, the Purchaser is not party to or bound by any contract, option or other arrangement or understanding with respect to the purchase, sale, delivery, transfer, gift, pledge, hypothecation, encumbrance, assignment or other disposition or acquisition (including by operation of law) of any Claims (or any rights or interests of any nature whatsoever in or with respect to any Claims), or as to voting, agreeing or consenting (or abstaining therefrom) with respect to any amendment to or waiver of any terms of, or taking any action whatsoever with respect to the Claims.

(h) Non-Reliance. **EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES MADE BY THE COMPANY IN SECTION 2.1, THE PURCHASER HEREBY ACKNOWLEDGES AND AGREES ON BEHALF OF ITSELF AND ITS AFFILIATES AND REPRESENTATIVES THAT IT HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY WITH RESPECT TO THE STOCK CONSIDERATION OR THE COMPANY OR ANY OF THE COMPANY SUBSIDIARIES OR THEIR RESPECTIVE BUSINESSES, OPERATIONS, ASSETS, LIABILITIES, CONDITION OR PROSPECTS, INCLUDING WITH RESPECT TO (I) ANY FINANCIAL PROJECTION, FORECAST, ESTIMATE, BUDGET OR PROSPECT INFORMATION RELATING TO THE COMPANY OR ANY OF THE COMPANY SUBSIDIARIES OR THEIR RESPECTIVE BUSINESS, OR (II) ANY ORAL OR WRITTEN INFORMATION PRESENTED TO THE PURCHASER OR ANY OF ITS AFFILIATES OR REPRESENTATIVES IN THE COURSE OF ITS DUE DILIGENCE INVESTIGATION OF THE COMPANY, THE NEGOTIATION OF THIS AGREEMENT OR IN THE COURSE OF THE TRANSACTIONS CONTEMPLATED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NOTHING IN THIS AGREEMENT SHALL LIMIT THE RIGHT OF THE PURCHASER TO RELY ON THE REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY CERTIFICATE DELIVERED HEREUNDER, NOR WILL ANYTHING IN THIS AGREEMENT OPERATE TO LIMIT ANY CLAIM BY THE PURCHASER FOR FRAUD.**

## ARTICLE III

## COVENANTS

Section 3.1 Filings; Other Actions.

(a) From the date hereof until the Closing, the Purchaser, on the one hand, and the Company, on the other hand, will cooperate and consult with the other and use commercially reasonable efforts to prepare and file all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary Permits, consents, orders, approvals and authorizations of, or any exemption by, all third parties and Governmental Entities, and the expiration or termination of any applicable waiting period, required, necessary or advisable to consummate the transactions contemplated by this Agreement and the other Transaction Documents. Each of the Company and the Purchaser shall execute and deliver both before and after the Closing such further certificates, agreements and other documents and take such other actions as the other Party may reasonably request to consummate or implement such transactions or to evidence such events or matters. The Company and the Purchaser hereby acknowledge and agree that no approvals or authorizations of, filings or registrations with, or notifications to, or expiration or termination of any applicable waiting period, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended is required prior to Closing to consummate the Exchange.

(b) The Purchaser and the Company will have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable Law relating to the exchange of information, all the information relating to such other Party, and any of their respective Affiliates, which appears in any filing made with, or written materials submitted to, any third Party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, the Parties agree to act reasonably and as promptly as practicable. Each Party hereto agrees to keep the other Party apprised of the status of matters referred to in this Section 3.1. The Purchaser shall promptly furnish the Company, and the Company shall promptly furnish the Purchaser, to the extent permitted by applicable Law, with copies of material written communications received by it or any of the Company Subsidiaries from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated by this Agreement.

(c) Notwithstanding anything to the contrary in this Agreement, nothing in this Section 3.1 shall require the Purchaser or any of its Affiliates to (i) hold separate or divest or refrain from acquiring, investing in or otherwise dealing in any property, assets, facilities, business, or equity or (ii) commit on behalf of itself or any of its Affiliates to any conduct remedies or any amendment, modification or termination of any existing, or entering into any new, contracts with any third parties.

Section 3.2 Conduct of the Business.

(a) During the period commencing on the date of this Agreement and ending on the Closing Date, each of the Company and the Company Subsidiaries will conduct its business in the ordinary course of business and will use commercially reasonable efforts to preserve intact its existence and business organization, Permits, goodwill and present business relationships with all material customers, suppliers, licensors, distributors and others having significant business relationships with the Company or any Company Subsidiary. During such period, the Company shall provide reasonably prompt written notice to the Purchaser regarding any material adverse developments in respect of the foregoing.

(b) During the period commencing on the date of this Agreement and ending on the Closing Date, the Company shall promptly provide the Purchaser with all information with respect to the PSA (and the transactions contemplated therein) as reasonably requested by the Purchaser and generally keep the Purchaser reasonably informed of the status of the transactions contemplated by the PSA promptly as practicable, including providing (i) reasonably prompt oral and written notice of all material developments with respect thereto and (ii) to the extent not duplicative with preceding clause (i), true, correct and complete copies of (A) any material written notice given by the Company under the PSA to another Party thereto and (B) any material written notice received by the Company under the PSA from the other parties thereto.

Section 3.3 Negative Covenants. From the date of this Agreement through the Closing, the Company and the Company Subsidiaries shall not, without the prior written consent of the Purchaser:

(a) declare, or make payment in respect of, any dividend or other distribution upon any shares of capital stock of the Company;

(b) amend the Articles of Incorporation, Bylaws or any other Organizational Documents of the Company Subsidiaries other than any amendments pursuant to this Agreement;

(c) form any new Subsidiary or joint venture;

(d) (i) sell, assign, transfer, lease or dispose of any properties, rights or assets of the Company or any Company Subsidiary other than the sale of hydrocarbons in the ordinary course of business or as expressly contemplated by the PSA or (ii) purchase, acquire or invest in any other business or Person (whether by merger, consolidation, share exchange, business combination, recapitalization, asset or equity acquisition, customer contract purchase, division purchase or otherwise) or enter into any transaction for or acquire any assets, rights, business, securities or other properties of any other Person;

(e) except pursuant to this Agreement, effect any merger, consolidation, recapitalization, reclassification, equity interest split, combination or similar change in the capitalization of the Company or the Company Subsidiaries;

(f) enter into any contract, arrangement or agreement that is material to the Company;

(g) increase the compensation or benefits payable, or to become payable to, any employee or former employee, director or individual service providers of the Company, other than increases in salaries and wages and target annual cash bonuses as part of annual merit increases in the ordinary course of business;

(h) except as otherwise required by Law, (i) grant any increase in compensation or benefits to any officer, employee, individual consultant or director of the Company or any Company Subsidiary, (ii) adopt, enter into, amend or terminate any Multiemployer Plan or any plan, agreement, program, policy or other arrangement that would be a Multiemployer Plan if it were in existence as of the date hereof or any labor contract or voluntarily recognize a labor union, works council or similar organization; (iii) grant any bonus to any current or former officer, employee, individual consultant or director of the Company or any Company Subsidiary, including any retention, stay or change-in-control bonus, (iv) hire or terminate the employment of any officer or senior employee of the Company or any Company Subsidiary, other than terminations for "cause", (v) grant any severance or termination pay to any officer, employee, individual consultant or director of the Company or any Company Subsidiary, (vi) grant any equity or equity-based awards; (vii) loan or advance money (other than (A) advances for business expenses made in the ordinary course of business that are immaterial in amount, individually and in the aggregate and (B) advances made in connection with any Multiemployer Plan that is intended to meet the requirements of a "qualified plan" under Section 401(a) of the Code) or other property to any current or former officer, employee, individual consultant or director of the Company or any Company Subsidiary; or (viii) take any action to accelerate the vesting or payment of or to fund any benefit or payment to any of current or former officer, employee, individual consultant or director of the Company or any Company Subsidiary;

(i) liquidate (either partially or completely), dissolve or otherwise wind up the affairs of the Company or the Company Subsidiaries;

(j) repurchase, redeem or otherwise acquire any outstanding Equity Securities of the Company or the Company Subsidiaries;

(k) mortgage, pledge or subject to a Lien any of the of the Company's or the Company Subsidiaries' assets, rights or properties except for Permitted Liens;

(l) incur, assume or guarantee any indebtedness or make any loans to or invest in any Person;

(m) settle or compromise any material action, suit or proceeding with respect to Company or its properties or assets;

(n) authorize, issue, sell, assign, transfer, pledge or grant options, warrants or other rights to purchase any Equity Securities of the Company or the Company Subsidiaries or authorize or propose the issuance, sale, assignment, transfer, pledge or grant of Equity Securities of the Company or the Company Subsidiaries, other than the authorization and issuance of (i) the Stock Consideration and (ii) the issuance of Common Stock issued as consideration for the Bakken Sale;

(o) take any action that would reasonably be expected to have a material adverse effect on the Company's ability to perform its obligations under this Agreement and the other Transaction Documents; or

(p) agree or commit to take any action described in this Section 3.3.

Section 3.4 Corporate Actions—Certificate. Prior to the Closing, the Company shall file in the office of the Secretary of State of the State of Nevada the Certificate in the form attached to this Agreement as Exhibit A, with such changes thereto as may be agreed to by the Purchaser and approved by the Board of Directors.

Section 3.5 State Securities Laws. Prior to the Closing, the Company shall use commercially reasonable efforts to (a) obtain all necessary Permits and qualifications, if any, or secure an exemption therefrom, required by any state or country prior to the offer and sale of the Stock Consideration and (b) cause such authorization, approval, Permit or qualification to be effective as of the Closing.

Section 3.6 PSA; First Lien Release Agreement.

(a) The Company has made available to the Purchaser a true, correct and complete copy of the PSA and the First Lien Release Agreement (including any amendments thereto).

(b) None of the Company or Company Subsidiaries is Party to or bound by any agreement with the Company's counterparties to the PSA and the First Lien Release Agreement (or any of their respective Affiliates) that would modify any of the Company's rights under the PSA or First Lien Release Agreement that has not been made available to the Purchaser.

(c) At or prior to the Closing, without the prior written consent of the Purchaser, the Company shall not make or agree to make any amendments, supplements, waivers or other modifications to any provision of the PSA or the First Lien Release Agreement in a manner that would be adverse to the Company or the Purchaser or terminate the PSA or the First Lien Release Agreement without the prior written consent of the Purchaser.

Section 3.7 Takeover Statutes(a) . The Company shall (a) take all actions necessary so that no Takeover Statute is or becomes applicable to the transactions contemplated by this Agreement or the other Transaction Documents and (b) if any such Takeover Statute is or becomes applicable to the transactions contemplated by this Agreement or the other Transaction Documents, take all action necessary so that the transactions contemplated by this Agreement or the other Transaction Documents may be consummated as promptly as practicable on the terms contemplated hereby and thereby and otherwise to eliminate or minimize the effect of such Takeover Statute on the transactions contemplated by this Agreement or the other Transaction Documents.

Section 3.8 Board Size(a) . Immediately following the Closing, the Company and the Board of Directors shall take all actions necessary to (i) increase the size of the Board of Directors by one (1) director (totaling five (5) directors on the Board of Directors) and (ii) appoint the individuals set forth in Schedule 3 hereto as members of the Board of Directors.

Section 3.9 Management Incentive Program(a) . Promptly after Closing, Purchaser shall cause the Board of Directors to consider implementation of an appropriate Management Incentive Program for the Company's executives and other personnel.

## ARTICLE IV

## ADDITIONAL AGREEMENTS

Section 4.1 Legend.

(a) The Purchaser agrees that all certificates or other instruments representing the Stock Consideration subject to this Agreement will bear a legend substantially to the following effect:

> THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

(b) Upon request of the Purchaser, upon receipt by the Company of an opinion of counsel reasonably satisfactory to the Company to the effect that such legend is no longer required under the Securities Act and applicable state Laws, the Company shall promptly cause the legend to be removed from any certificate for any Stock Consideration to be transferred in accordance with the terms of this Agreement. The Purchaser acknowledges that the Stock Consideration has not been registered under the Securities Act or under any state securities Laws and agrees that it will not sell or otherwise dispose of any of the Stock Consideration, except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable securities Laws.

(c) In the event that the Stock Consideration is uncertificated, the Company shall give notice of such legend in accordance with applicable Law.

Section 4.2 Tax Matters. The Company and its paying agent shall be entitled to withhold Taxes on all payments or deemed payments and constructive distributions, on the Stock Consideration to the extent required by Law. The Company and its paying agent shall be entitled to satisfy any required withholding Tax on non-cash payments (including deemed payments) through a sale of all or a portion of the shares the Purchaser receives as a dividend, from cash dividends subsequently paid or credited to the Purchaser or through a sale of all or a portion of the Common Stock or otherwise owns. The Company shall use commercially reasonable efforts to notify each holder of Stock Consideration prior to any such withholding, and the Parties shall take any commercially reasonable actions as may be necessary to reduce or otherwise minimize such withholding. On or prior to the Closing, the Purchaser (or any transferee thereof) shall deliver to the Company or its paying agent a duly executed, valid and properly completed Internal Revenue Service Form W-9 certifying as to a complete exemption from backup withholding. The Company shall not treat the Preferred Stock as preferred stock within the meaning of Section 305 of the Code.

## ARTICLE V

## MISCELLANEOUS

Section 5.1 Survival; Limitations on Liability. The representations and warranties of the Company contained in this Agreement shall survive for a period of twenty four (24) months following the Closing, except (i) the representations and warranties contained in Sections 2.1(a), 2.1(b), 2.1(c), 2.1(e) and 2.1(j), which will survive indefinitely, (ii) the representations and warranties contained in Section 2.1(l), which will survive until the expiration of the applicable statute of limitations, plus sixty (60) days, and (iii) Sections 2.2(a) and 2.2(b)(i), which will survive indefinitely. All of the covenants or other agreements of the Company to be performed at or prior to the Closing shall survive for a period of twenty four (24) months following the Closing. All of the other covenants or agreements of the Parties contained in this Agreement shall survive indefinitely until fully performed or performance is no longer required. For purposes of clarity, all covenants for which performance is required on or prior to Closing shall terminate and shall not survive Closing. The Company shall not be liable hereunder to the Purchaser or any other Person for any punitive, exemplary, treble, special, indirect, incidental or consequential damages (including any loss of earnings or profits).

Section 5.2 Expenses. Each of the Parties will bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated pursuant to this Agreement; *provided*, *however*, that the Company shall, upon the earlier of Closing or termination of this Agreement in accordance with Section 5.16 (other than a termination of this Agreement pursuant to Section 5.16(e)), reimburse the Purchaser for the reasonable, documented out-of-pocket expenses incurred by the Purchaser in connection with the transactions contemplated pursuant to this Agreement (the amount of such expenses, the "**Expense Reimbursement Amount**").

Section 5.3 Amendment; Waiver. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by each Party. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The conditions to each Party's obligation to consummate the Closing are for the sole benefit of such Party and may be waived by such Party in whole or in part to the extent permitted by applicable Law. No waiver of any Party to this Agreement, as the case may be, will be effective unless it is in a writing (electronic mail to suffice) signed by a duly authorized officer of the waiving Party that makes express reference to the provision or provisions subject to such waiver. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 5.4 Counterparts. For the convenience of the Parties, this Agreement may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. Executed signature pages to this Agreement may be delivered by facsimile or other means of electronic transmission and such facsimiles or other means of electronic transmission will be deemed as sufficient as if actual signature pages had been delivered.

Section 5.5 Governing Law; Submission to Jurisdiction. This Agreement will be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any choice or conflict of law provision or rule (whether in the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York. The Parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the district courts located in the State of New York, or in the event (but only in the event) that such court shall not have subject matter jurisdiction, any federal court of the United States or other state court located in the State of New York, for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby. Each Party to this Agreement hereby irrevocably waives any defense in any such action, suit or proceeding that it is not personally subject to the jurisdiction of the above named courts and to the fullest extent permitted by applicable Law, that the action, suit or proceeding in any such court is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper.

Section 5.6 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 5.7 Notices. Any notice, request, instruction or other document to be given hereunder by any Party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally or by telecopy, electronic mail or facsimile, upon confirmation of receipt (it being understood that the Parties agree to provide confirmation of receipt immediately upon the receipt of any notice by telecopy, electronic mail or facsimile), (b) on the first business day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the third business day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. The Purchaser agrees that any notice required or permitted by this Agreement or under the Articles of Incorporation (including the Certificate), the Bylaws, the Nevada Act or other applicable Law may be given to the Purchaser at the address or by means of electronic transmission as set forth below The Purchaser further agrees to notify the Company of any change to the Purchaser's electronic mail address, and further agrees that the provision of such notice to the Company shall constitute the consent of the Purchaser to receive notice at such electronic mail address. In the event that the Company is unable to deliver notice to the Purchaser at the electronic mail address so provided by the Purchaser, the Purchaser shall, within two (2) business days after a request by the Company, provide the Company with a valid electronic mail address to which the Purchaser consents to receive notice at such electronic mail address. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice.

If to the Purchaser:

AG Energy Funding, LLC
245 Park Avenue, 26th Floor
New York, NY 10167
Attn: Scott McMurtry; Damon Putman; Daniel Baddeloo

E-mail: smcmurtry@angelogordon.com; dputman@angelogordon.com;
dbaddeloo@angelogordon.com

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

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Nicholas Baker
Email: NBaker@stblaw.com

-and-

Simpson Thacher & Bartlett LLP

600 Travis Street, Suite 5400
Houston, Texas 77002
Attention: Shamus Crosby
Email: Shamus.Crosby@stblaw.com

(a) If to the Company:

Abraxas Petroleum Corporation
18803 Meisner Drive
San Antonio, TX 78258
Attn: Robert L.G. Watson
E-mail: bwatson@abraxaspetroleum.com

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

Dykema Gossett PLLC
112 East Pecan Street, Suite 1800
San Antonio, TX 78205
Attn: James B. Smith, Jr.
E-mail: jsmith@dykema.com

Section 5.8 Entire Agreement. This Agreement (including the Exhibits and schedules hereto) and the Company Disclosure Schedule constitute the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the Parties, with respect to the subject matter hereof.

Section 5.9 Assignment. Neither this Agreement, nor any of the rights, interests or obligations hereunder shall be assigned by either of the Parties (whether by operation of law or otherwise) without the prior written consent of the other Party, *provided*, *however*, that the Purchaser may assign its rights, interests and obligations under this Agreement, in whole or in part, to one or more of its Affiliates; *provided*, that in order for such assignment to be effective, the assignee shall agree in writing to be bound by the provisions of this Agreement; *provided further*, *that* no such assignment will relieve the Purchaser of its obligations hereunder prior to the Closing.

Section 5.10 Interpretation; Other Definitions. Wherever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neutral genders and vice versa, and references to any agreement, document or instrument shall be deemed to refer to such agreement, document or instrument as amended, supplemented or modified from time to time. All article, section, paragraph or clause references not attributed to a particular document shall be references to such parts of this Agreement, and all exhibit, annex and schedule references not attributed to a particular document shall be references to such exhibits, annexes and schedules to this Agreement. In addition, the following terms are ascribed the following meanings:

(a) the word "**or**" is not exclusive;

(b) the words "**including**," "**includes**," "**included**" and "**include**" are deemed to be followed by the words "without limitation";

(c) the terms "**herein**," "**hereof**" and "**hereunder**" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision;

(d) the terms "**Dollars**" and "**$**" mean United States Dollars, unless otherwise noted;

(e) references herein to any Person shall include such Person's heirs, executors, personal representatives, administrators, successors and assigns; *provided*, *however*, that nothing contained in this clause (e) is intended to authorize any assignment or transfer not otherwise permitted by this Agreement;

(f) references herein to a Person in a particular capacity or capacities shall exclude such Person in any other capacity;

(g) with respect to the determination of any period of time, the word "**from**" means "from and including" and the words "**to**" and "**until**" each means "to but excluding";

(h) "**extent**" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if";

(i) the term "**business day**" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in the State of New York generally are authorized or required by Law or other governmental action to close; and

(j) the term "**Person**" has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

(k) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "**control**" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, for purposes of this Agreement, (a) the Company and the Company Subsidiaries, on the one hand, and the Purchaser, on the other, shall not be considered Affiliates, (b) with respect to the Purchaser, any other investment fund, investment account or investment company that is managed, advised or sub-advised by the same investment advisor as the Purchaser or by an Affiliate of such investment advisor, shall be considered controlled by, and an Affiliate of, the Purchaser and (c) no portfolio company (as such term is customarily used in the private equity industry) of the Purchaser or any of its Affiliates shall be considered or otherwise deemed to be an Affiliate thereof (other than for purposes of Section 2.1(aa) and Section 3.1(c)).

(l) "**Company Disclosure Schedules**" means the disclosure schedule prepared by the Company attached to this Agreement.

(m) "**Company Material Adverse Effect**" shall mean any event, condition, change, development, circumstance or set of facts that, individually or in the aggregate with any other such events, changes, developments, or occurrence, (i) has had or would reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), assets, liabilities, properties, prospects or results of operations of the Company and the Company Subsidiaries, taken as a whole or (ii) materially impairs the ability of the Company to perform its obligations under this Agreement; *provided*, *however*, that in the case of clause (i) above, the term "Company Material Adverse Effect" shall not include effects (except, in the case of clauses (A), (B), (C), (D), (E) and (G) below, to the extent such effects have a disproportionate materially adverse impact on the business of the Company and the Company Subsidiaries relative to the businesses of other persons operating in the same industry and geographic area in which the Company and the Company Subsidiaries operate) resulting from (A) general changes in oil and gas prices; (B) general changes in economic or political conditions or markets; (C) changes in condition or developments (including changes in applicable Law) generally applicable to the oil and gas industry; (D) acts of God, including storms and natural disasters; (E) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war, civil unrest or similar disorder or terrorist acts; (F) any occurrence, condition, change, event or effect resulting from or relating to the announcement or pendency of the transactions contemplated this Agreement and the other Transaction Documents; (G) any change in GAAP, or in the interpretation thereof; (H) any occurrence, condition, change, event or effect resulting from compliance by the Company with the terms of this Agreement or the PSA; (I) any change in the credit rating and/or outlook of any of the Company, the Company Subsidiaries or any of their securities (except that the underlying causes of any such changes may be considered in determining whether a Company Material Adverse Effect has occurred); (J) changes in the market price or trading volume of the Company's securities (except that the underlying causes of any such changes may be considered in determining whether a Company Material Adverse Effect has occurred); (K) any failure of the Company to meet any internal or external projections, forecasts or estimates of revenue or earnings for any period (except that the underlying causes of any such failures may be considered in determining whether a Company Material Adverse Effect has occurred) and (L) any action taken by the Purchaser or any of its Affiliates, other than as required by this Agreement, or actions expressly permitted by this Agreement or taken with the written consent of the Purchaser.

(n) "**Equity Securities**" means the equity securities of the Company, including shares of Common Stock and Preferred Stock.

(o) "**First Lien Agent**" means Société Générale in its capacity as administrative agent under the First Lien Debt Agreement, together with any successors thereto

(o) "**First Lien Debt Agreement**" means the Third Amended and Restated Credit Agreement dated as of June 11, 2014, by and among the Company, the financial institutions party thereto as Lenders (as defined therein), the Issuing Lender (as defined therein), and the First Lien Agent, as amended, supplemented or otherwise modified from time to time.

(p) "**Good and Marketable Title**" means title that: (i) with respect to the oil and gas properties, is deducible of record from the records of the applicable county; (ii) does not materially restrict the ability of the Company to use the properties as currently intended; and (iii) is free and clear of all Liens, except for Permitted Liens.

(q) "**Hazardous Substance**" means (A) petroleum and petroleum products, by- products or breakdown products, radioactive materials, asbestos containing materials, polychlorinated biphenyls and mold, and (B) any other chemical, material or substance defined or regulated as toxic or hazardous or as a pollutant, contaminant or waste under Environmental Laws.

(r) "**Knowledge of the Company**" means the actual knowledge (after reasonable inquiry) of the managers of the Company with direct supervisory responsibility for the matters in question.

(s) "**Law**" means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, order, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity, including any international, foreign, national, state, provincial, regional, or local authority, relating to pollution, the protection of occupational health and workplace safety, the environment, or natural resources, or to use, handling, storage, manufacturing, transportation, treatment, discharge, disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants applicable to such entity, which compliance includes, without limitation, obtaining, maintaining and complying with all permits and authorizations and approvals required by such to conduct its business.

(t) "**Lien**" means any mortgage, claim, deed of trust, pledge, hypothecation lien, license, charge, adverse ownership claim or interest, option, right of way, easement, restriction on transfer, including right of first refusal, encumbrance, encroachment, financing statement, hypothecation, security interest, easement, plat restriction or deed restriction.

(u) "**Permitted Liens**" means (i) Liens for taxes that are not yet due and payable or the amount or validity of which is being contested in good faith through (if then appropriate) appropriate proceedings and for which adequate reserves under GAAP have been established in the financial statements of the Company and its consolidated Subsidiaries; (ii) mechanics', operators', statutory and similar liens arising or incurred in the ordinary course of business of the Company that are not yet due and payable; (iii) operating agreements, unit agreements, unitization and pooling designations and declarations, gathering and transportation agreements, processing agreements, gas, oil and liquids purchase, sale and exchange agreements and other contracts, agreements and installments that do not materially interfere with the operation of the oil and gas properties; (iv) easements, surface leases and rights, plat restrictions, pipelines, grazing, logging, canals, ditches, reservoirs, telephone lines, power lines, railways and similar encumbrances that do not materially interfere with the operation of the oil and gas properties or materially impair the value thereof; and (v) Liens, charges, encumbrances and irregularities in the chain of title which, because of remoteness in or passage of time, statutory cure periods, marketable title acts or other similar reasons, have not materially affected or interrupted, and are not reasonably expected to materially affect or interrupt, the claimed ownership of the Party or the receipt of production revenues from the oil and gas properties affected thereby.

(v) "**Representatives**" means, with respect to any Person, such Person's directors, officers, employees, agents, consultants and advisors.

(w) "**Second Lien Debt**" means that certain Term Loan Credit Agreement, dated as of November 13, 2019, by and among the Company, the financial institutions party thereto as Lenders, and Angelo Gordon Energy Servicer, LLC, as administrative agent, as amended, supplemented or otherwise modified from time to time.

(x) "**Second Lien Debt Agreement**" means that certain Term Loan Credit Agreement, dated as of November 13, 2019, by and among the Company, the financial institutions party thereto as Lenders, and Angelo Gordon Energy Servicer, LLC, as administrative agent.

(y) "**Takeover Statutes**" means any "business combination," "control share acquisition," "fair price," "moratorium" or other takeover or anti-takeover statute or similar Law.

(z) "**Tax**" or "**Taxes**" means (a) any federal, state, provincial, local, foreign or other tax (including any income tax, franchise tax, capital gains tax, gross receipts tax, value- added tax, surtax, estimated tax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, withholding tax or payroll tax), and any related fine, penalty or interest, imposed, assessed or collected by or under the authority of any governmental body, whether disputed or not, and (b) any liability for the payment of amounts with respect to payment of a type described in clause (a), including (i) as a result of being a member of an affiliated, consolidated, combined or unitary group (including pursuant to Treasury Regulation 1.1502- 6(b)), (ii) as a result of succeeding to such liability as a result of merger, conversion or asset transfer, and (iii) as a result of any obligation under any Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement.

(aa) "**Tax Return**" means 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.

(bb) "**Transaction Documents**" means this Agreement, the Certificate, the First Lien Release Agreement, the Second Lien Forbearance, and the PSA (and the other documents or instruments contemplated to be executed by the Company or any of its subsidiaries pursuant to the foregoing).

(cc) "**Treasury Regulation**" means the regulations promulgated under the Code, by the United States Department of the Treasury, as such regulations may be amended from time to time. All references herein to specific sections of the regulations shall be deemed also to refer to any corresponding provisions of succeeding regulations, and any reference to temporary regulations shall be deemed also to refer to any corresponding provisions of final regulations.

Section 5.11 Interpretation; Captions. The article, section, paragraph and clause captions herein are for convenience of reference only, do not constitute part of this Agreement and will not be deemed to limit or otherwise affect any of the provisions hereof. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Company Disclosure Schedule and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. Whenever this Agreement refers to a number of days, such number of days shall refer to calendar days unless business days are specified. If business days are specified and the day the action is to be taken is not a business day, such action shall be valid if taken on the next successive business day.

Section 5.12 Severability. If any provision of this Agreement or the application thereof to any Person (including the officers and directors the Parties hereto) or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the Parties.

Section 5.13 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any Person other than (i) the Parties (and their permitted assigns) and (ii) each Non-Recourse Party pursuant to this Section 5.13 and Section 5.18, any benefit right or remedies.

Section 5.14 Public Announcements. Any initial press release with respect to this Agreement and the transactions contemplated hereby shall be mutually agreed upon by the Company and the Purchaser. Thereafter, the Company and the Purchaser shall consult with each other and provide each other with the opportunity to review and comment upon any press release or other public statements with respect to the transactions contemplated hereby or this Agreement and the Company and the Purchaser shall not, and shall cause their respective Affiliates not to, issue any such other press release or other public statements prior to such consultation, except as may be required by applicable Law, in which case the Party proposing to issue such press release or make such public announcement shall use commercially reasonable efforts to consult in good faith with the other Party and provide the other Party with an opportunity to review and comment on the content of the proposed disclosure, which comments such Party shall consider in good faith, acting reasonably, before issuing any such press release or making any such public announcement;

*provided* that no Party will issue any press release or other public statement that attributes comments to the other Party statement (or portion thereof) without the prior written approval of the other Party. Notwithstanding the foregoing, and for the avoidance of doubt: (i) the Parties may disclose the transactions contemplated hereby to the indirect and direct equity holders, partners and prospective partners or equity holders of any Party and its Affiliates provided that such recipients agree to maintain the information with the same confidentiality protections as the disclosing Party, (ii) the Parties may disclose the transactions contemplated hereby to Governmental Entities in connection with obtaining any approvals required under Section 2.1(c)(iv) and (iii) the direct or indirect equityholders of the Purchaser and their respective Affiliates may disclose information about the subject matter of this Agreement in connection with their normal fund raising, marketing, informational or reporting activities.

Section 5.15 Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement and the transactions contemplated hereby were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, without the necessity of posting bond or other undertaking (any requirement for which all Parties hereby waives), the Parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedies to which they are entitled at law or equity, and in the event that any action or suit is brought in equity to enforce the provisions of this Agreement, no Party will allege, and each Party hereby waives the defense or counterclaim, that there is an adequate remedy at law. A Party shall be entitled to an injunction or injunctions to prevent breaches of any covenants, agreements or obligations contained in this Agreement and, in the event that any action is brought in equity to enforce such covenants or agreements, neither Party shall allege, and each Party hereby waives the defense or counterclaim, that there is an adequate remedy at law.

Section 5.16 Termination. Subject to Section 5.1, this Agreement will survive the Closing so long as any shares of Stock Consideration are outstanding. Prior to the Closing, this Agreement may only be terminated:

(a) by mutual written agreement of the Company and the Purchaser;

(b) by either Party, upon written notice to the other Party in the event that the Closing shall not have occurred on or before January 14, 2022 (the "**Outside Date**"); *provided*, *however* that the right to terminate this Agreement pursuant to this Section 5.16(b) shall not be available to any Party whose failure to fulfill any obligations under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(c) by either the Company or the Purchaser as to itself if a United States court of competent jurisdiction shall permanently enjoin the consummation of the Exchange and such injunction shall be final and non-appealable;

(d) without any action by either Party, if the PSA, First Lien Release Agreement, or Second Lien Forbearance is terminated in accordance with its terms at any time prior to the Closing;

(e) by notice given by the Company to the Purchaser, if the Company is not then in material breach of any provision of this Agreement and if there have been one or more material inaccuracies in or material breaches of one or more representations, warranties, covenants or agreements made by the Purchaser in this Agreement such that the conditions in Section 1.3(c)(i) or Section 1.3(c)(ii) would not be satisfied by the Outside Date (other than through the Company's failure to comply with its obligations under this Agreement) and which have not been cured by the Purchaser thirty (30) days after receipt by the Purchaser of written notice from the Company requesting such inaccuracies or breaches to be cured (or any shorter period of time that remains between the date the Company provides written notice of such violation or breach and the Outside Date); or

(f) by notice given by the Purchaser to the Company, if the Purchaser is not then in material breach of any provision of this Agreement and if there have been one or more material inaccuracies in or material breaches of one or more representations, warranties, covenants or agreements made by the Company in this Agreement such that the conditions in Section 1.3(b)(i) or 1.3(b)(ii) would not be satisfied by the Outside Date (other than through the Purchaser's failure to comply with its obligations under this Agreement) and which have not been cured by the Company within thirty (30) days after receipt by the Company of written notice from the Purchaser requesting such inaccuracies or breaches to be cured (or any shorter period of time that remains between the date the Purchaser provides written notice of such violation or breach and the Outside Date).

Section 5.17 Effects of Termination. Subject to Sections 3.3 and 5.2, in the event of any termination of this Agreement in accordance with Section 5.16, no Party (or any of its Affiliates) shall have any liability or obligation to the other Party (or any of its Affiliates) under or in respect of this Agreement, except to the extent of (A) any liability arising from any breach by such Party of its obligations of this Agreement arising prior to such termination and (B) any fraud or intentional or willful breach of this Agreement. In the event of any such termination, this Agreement shall become void and have no effect, and the transactions contemplated hereby shall be abandoned without further action by the Parties, in each case, except (x) as set forth in the preceding sentence and (y) that the provisions of Section 3.3 and this Article V shall remain in full force and effect and shall survive any termination of this Agreement. None of the Parties or any of their respective Affiliates shall have any liability with respect to any representation, warranty, covenant or agreement from and after the time that such representation or warranty ceases to survive hereunder.

Section 5.18 Non-Recourse. This Agreement may only be enforced against, and any claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against the entities that are expressly identified as Parties, including entities that become a Party after the date hereof or that agree in writing for the benefit of the Company to be bound by the terms of this Agreement applicable to the Purchaser, and then only with respect to the specific obligations set forth in this Agreement applicable to such Party, and no former, current or future equityholders, controlling Persons, directors, officers, employees, agents or Affiliates of any Party hereto or any former, current or future equityholder, controlling Person, director, officer, employee, general or limited partner, member, manager, agent or Affiliate of any of the foregoing (each, a "**Non-Recourse Party**") shall have any liability for any obligations or liabilities of the Parties to this Agreement

or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, the transactions contemplated hereby or in respect of any representations made or alleged to be made in connection herewith. Without limiting the rights of any Party against the other Party, in no event shall any Party or any of its Affiliates seek to enforce this Agreement against, make any claims for breach of this Agreement against, or seek to recover monetary damages from, any Non-Recourse Party. To the extent permitted by Law, each Party hereby (i) waives and releases all such claims, causes of action, liabilities and other obligations against any such Non-Recourse Parties, (ii) waives and releases any and all claims, causes of action, rights, remedies, demands or actions that may otherwise be available to avoid or disregard the entity form of a Party or otherwise impose the liability of a Party on any Non-Recourse Party, whether granted by law or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization or otherwise, and (iii) disclaims any reliance upon any Non-Recourse Parties with respect to the performance of this Agreement, the other Transaction Documents and any representation or warranty made in, in connection with or as an inducement hereto or thereto.

[*Signature Page Follows*.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the Parties as of the date first herein above written.

**ABRAXAS PETROLEUM CORPORATION**

By: /s/ Robert L. G. Watson
Name: Robert Watson
Title: Chief Executive Officer

[*Signature Page to Exchange Agreement*]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the Parties as of the date first herein above written.

**AG ENERGY FUNDING, LLC**

By: /s/ Todd Dittmann
Name: Todd Dittmann
Title: Authorized Signatory

[*Signature Page to Exchange Agreement*]

**Exhibit 10.4**

***Execution Version***

**AMENDMENT NO. 2 TO FORBEARANCE AGREEMENT**

This Amendment No. 2 to Forbearance Agreement (this "Agreement") dated as of January 3, 2022, is among Abraxas Petroleum Corporation, a Nevada corporation (the "Borrower"), the undersigned Guarantors (the "Guarantors"), the undersigned Lenders (as defined below), and Angelo Gordon Energy Servicer, LLC, as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent").

**INTRODUCTION**

A. The Borrower, the financial institutions party thereto as Lenders (the "Lenders"), and the Administrative Agent have entered into the Term Loan Credit Agreement dated as of November 13, 2019 (as amended, supplemented or otherwise modified, the "Credit Agreement").

B. Reference is made to that certain Term Loan Guaranty Agreement made by the Guarantors in favor of the Administrative Agent dated as of November 13, 2019 (as amended, restated, amended and restated, supplemented or otherwise modified, the "Guaranty").

C. Reference is further made to that certain Forbearance Agreement dated as of March 31, 2021 among the Borrower, the Guarantors, the Lenders party thereto, and the Administrative Agent, as amended by the Agreement, Amendment to Forbearance Agreement, and Amendment No. 4 to Credit Agreement, dated as of April 28, 2021, among the Borrower, the Guarantors, the Lenders party thereto, and the Administrative Agent (as so amended, the "Forbearance Agreement"), pursuant to which the Lenders party thereto agreed to temporarily forbear from exercising certain remedies against the Borrower and the other Loan Parties with respect to the Specified Events of Default (as defined in the Forbearance Agreement).

D. Reference is further made to that certain Notice of Default and Reservation of Rights, dated April 16, 2021 (the "Notice of Default"), delivered by the Administrative Agent to the Borrower, informing the Borrower of certain Existing Events of Default (as defined in the Notice of Default), accelerating all Obligations under, and as defined in, the Credit Agreement, and reserving all rights of the Administrative Agent and the Lenders.

E. The Borrower has requested, and the Administrative Agent and the Lenders have agreed, subject to the terms and conditions set forth herein, to (i) continue the temporary forbearance period under the Forbearance Agreement, and (ii) amend certain other terms of the Forbearance Agreement.

F. The Borrower and the Guarantors wish to reaffirm their guarantees of and Liens supporting the Obligations.

G. The Administrative Agent, the Lenders, and the lenders under the Revolving Credit Agreement (the "Revolving Lenders") and Société Générale, as administrative agent under the Revolving Credit Agreement (the "RBL Agent") have agreed to support the sale of the Assets (as defined in the Asset Purchase Agreement between the Borrower and Lime Rock Resources V, L.P. (the "Buyer"), in the form of Exhibit A hereto (with any modifications thereto as are reasonably acceptable to the Administrative Agent and the Lenders) (the "APA")) to the Buyer, on the terms and conditions set forth herein and the APA.

H. Subject to the terms and conditions set forth herein, the Administrative Agent and the Lenders have agreed to release their liens and security interests on the Assets in connection with the consummation of the transactions contemplated thereby and hereby.

I. The Revolving Lenders and Swap Counterparties (as defined in the Revolving Credit Agreement) have agreed that if the transactions contemplated by the APA are consummated and the Net Sale Proceeds (defined below) and other cash of the Borrower are applied to the 1L Obligations in accordance with the terms hereof, among other conditions precedent, the Revolving Lenders and Swap Counterparties will settle, extinguish and forever release 100% of the remaining 1L Obligations, on and subject to the terms and conditions set forth in the Settlement and Lien Release Agreement (defined below).

THEREFORE, the Borrower, the Guarantors, the Administrative Agent, and the undersigned Lenders hereby agree as follows:

Section 1. Definitions; References. All capitalized terms not otherwise defined in this Agreement that are defined in the Credit Agreement shall have the meanings assigned to such terms by the Credit Agreement.

Section 2. Amendments to Forbearance Agreement.

(a) The first paragraph of Section 2(b) of the Forbearance Agreement is hereby amended by replacing "May 6, 2021" with "January 14, 2022".

(b) The definition of "Forbearance Termination Event" set forth in Section 2(b) of the Forbearance Agreement is hereby amended by deleting "and" from the end of clause (viii), replacing the period at the end of clause (ix) with ";" and inserting the following new clauses (x), (xi), (xii), (xiii) and (xiv) thereto:

*(x) the APA shall fail to be fully-executed and in full force and effect on or before January 14, 2022;*

*(xi) the Closing Date (as defined in the APA) does not occur on or before January 14, 2022;*

*(xii) either of the Borrower or the Buyer (x) terminates the APA for any reason before the consummation of the transactions contemplated therein or (y) refuses to consummate or otherwise abandons the transactions contemplated under the APA before January 14, 2022; and*

*(xiii) the Revolving Lenders, the Swap Counterparties or the RBL Agent exercise any rights or remedies against the Borrower or its assets as a result of Events of Default under and as defined in the Revolving Credit Agreement; and*

*(xiv) the Settlement and Lien Release Agreement (as defined in the Second Forbearance Amendment) is amended, modified, supplemented, or the terms thereof waived, or is terminated or no longer in full force and effect.*

(c) The following definitions are hereby added:

"*Closing Date Claims Amount" means, as calculated before the application of payments to the outstanding 1L Obligations pursuant to Section 3(a)(v)(c) of the Second Forbearance Amendment, (i) the aggregate outstanding principal amount of the Advances under the Revolving Credit Agreement as of the Closing Date (as defined in the APA), plus (ii) the aggregate outstanding principal amount of the Swap Termination Amounts (as defined in the Second Forbearance Amendment) as of the Closing Date; provided that, for purposes of calculating clause (ii) of the definition of Closing Date Claims Amount, in calculating the aggregate Hedge Termination Claims, the claims arising under the EWB Hedge Contract (as defined in the Second Forbearance Amendment) shall not exceed the EWB Hedge Contract Cap (as defined in the Second Forbearance Amendment).*

"*EWB Hedge Contract Cap" means $3,500,000.*

"*Second Forbearance Amendment" means Amendment No. 2 to Forbearance Agreement, dated as of January 3, 2022, among the Borrower, the Guarantors party thereto, the Lenders party thereto and the Administrative Agent.*

*"Specified Hedge Contracts" means the following Hedge Contracts: (i) the ISDA Master Agreement dated as of June 21, 2007, between the Borrower and Société Générale (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder), (ii) the ISDA Master Agreement dated as of January 4, 2017, between the Borrower and Associated Bank, National Association (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder), (iii) the ISDA Master Agreement dated as of April 17, 2019, between the Borrower and East West Bank (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder, the "EWB Hedge Contract"), and (iv) the ISDA Master Agreement dated as of December 2, 2019, between the Borrower and Morgan Stanley Capital Group Inc. (together with any amendments or modifications thereto and any schedules and exhibits thereto and confirmations thereunder).*

*"Swap Termination Amounts" means all unpaid termination amounts in respect of any Specified Hedge Contract (including, without limitation, all amounts payable by the Borrower to a Swap Counterparty resulting from any consensual termination or unwind of transactions under any Specified Hedge Contract).*

(d) A new "Exhibit A" is hereby attached to the Forbearance Agreement in the form of Exhibit A hereto.

Section 3. Sale Transaction.

a) Without limitation of Section 2(b) of the Forbearance Agreement (as amended hereby) and notwithstanding anything to the contrary in Credit Agreement or any other Loan Document, the Borrower hereby agrees that:

(i) it shall (x) execute the APA on or before January 14, 2022 and (y) deliver a copy of the fully executed APA to the Administrative Agent promptly after execution thereof;

(ii) it shall not agree or otherwise consent to any amendment, restatement, supplement, modification or replacement of the APA without the prior written consent of the Administrative Agent;

(iii) it shall consummate the transactions contemplated by the APA on or before January 14, 2022;

(iv) 100% of the proceeds of the sale of the Assets paid to the Borrower (or its subsidiaries) on the Closing Date plus the amount of any Deposit (as defined below) (the "Net Sale Proceeds"), but not to exceed the Distribution Cap referenced below, shall be immediately deposited in a deposit account designated by the RBL Agent to the Borrower in writing before the Closing Date;

(v) on the Closing Date, the Borrower shall apply the Net Sale Proceeds plus, solely to the extent such Net Sale Proceeds are insufficient, cash on the Borrower's balance sheet in excess of $2,000,000, to repay the 1L Obligations in the following order:

(a) first, to all accrued and unpaid interest at the default rate specified in the Revolving Credit Agreement on the 1L Obligations outstanding as of the Closing Date (including, without limitation, all accrued and unpaid interest on the Swap Termination Amounts at the rate equal to the interest rate applicable to Reference Rate Advances under and as defined in the Revolving Credit Agreement plus the Default Amount (as defined in the Revolving Credit Agreement);

(b) second, to all reasonable and documented professional fees of the RBL Agent and the Revolving Lenders for which invoices are delivered no later than one Business Day prior to the Closing Date and which are due and payable as provided in the Settlement and Lien Release Agreement or the Revolving Credit Agreement as of the Closing Date; and

(c) last, to repay outstanding principal of the Advances under the Revolving Credit Agreement and the Hedge Termination Claims in accordance with the Revolving Credit Agreement; *provided that*, the aggregate amount to be paid under this clause (c) shall not exceed the product of the Closing Date Claims Amount multiplied by 95% (the "Distribution Cap"); and

(vi) on the Closing Date, if the amount received by the RBL Agent under clause (c) above is less than the Distribution Cap, the Borrower shall, or shall cause one or more of its Affiliates to, pay to the RBL Agent the difference between the amount received by the RBL Agent under clause (c) above and the Distribution Cap.

b) The Administrative Agent and the Lenders hereby agree that, on the Closing Date and subject to the RBL Agent's receipt of the Net Sale Proceeds (not to exceed the Distribution Cap), the Administrative Agent and the Lenders shall fully, completely and irrevocably release all of their Liens, claims and other encumbrances on the Assets such that the Buyer shall obtain such Assets free and clear of all Liens, claims and encumbrances of the Administrative Agent and the Lenders.

c) Without limitation of the Liens granted by the Borrower to the Administrative Agent under the Security Agreement, in consideration of the forbearances and other accommodations granted by the Administrative Agent and the Lenders hereunder and under the Forbearance Agreement and as collateral security for the prompt and complete payment and performance when due of all Obligations, the Borrower hereby assigns, pledges, and grants to the Administrative Agent, for the benefit of the Secured Parties, subject to the priorities set forth in the Intercreditor Agreement, a lien on and continuing security interest in all the Borrower's right, title and interest in, to and under, the following items, whether now owned or hereafter acquired by the Borrower and wherever located and whether now owned or hereafter existing or

arising: the APA, any escrow agreement entered into between the Buyer and Seller in connection with the APA, any deposit made by the Buyer in favor of the Seller in connection with the APA (any such depost, the "Deposit"), and all proceeds and products of any and all of the foregoing and all other payments now or hereafter due and payable with respect to, and guarantees and supporting obligations relating to, any and all of the foregoing and, to the extent not otherwise included, all payments of any indemnity, warranty or guaranty in respect to any of the foregoing. The Borrower shall use commercially reasonable efforts to cause the account in which the Deposit is maintained during the escrow period to be subject to an account control agreement in favor of the RBL Agent and Administrative Agent.

d) If the APA is terminated and the Borrower is entitled to retain the Deposit, if any, in accordance with the terms of the APA, the Borrower shall cause the full amount of such Deposit to be delivered to the RBL Agent immediately upon the release of such Deposit from escrow and the Borrower hereby agrees that the RBL Agent may apply the full amount of such Deposit to the outstanding 1L Obligations in accordance with the terms of such document as in effect on the date hereof.

e) The Borrower and each Guarantor hereby agree that, following the occurrence of the Closing Date under the Settlement and Lien Release Agreement and the related transfer of claims to the Lenders, they shall, immediately upon receipt, cause all sale proceeds and any other amounts received by them under or in respect of the APA after the Closing Date to be delivered to the Administrative Agent, and the Borrower hereby agrees that the Administrative Agent may apply the full amount thereof first to any remaining 1L Obligations until the 1L Obligations are paid in full in cash and then to the outstanding Obligations until such amounts are paid in full in cash.

Section 4. Reaffirmation of Liens and Guaranty. Each of the Borrower and each Guarantor (i) is party to certain Security Instruments securing and supporting the Borrower's and Guarantors' obligations under the Loan Documents, (ii) represents and warrants that according to their terms the Security Instruments will continue in full force and effect to secure the Borrower's and Guarantors' obligations under the Loan Documents, as the same may be amended, supplemented, or otherwise modified, and (iii) acknowledges, represents, and warrants that the liens and security interests created by the Security Instruments and this Agreement are valid and subsisting and create an Acceptable Security Interest in the Collateral to secure the Borrower's and Guarantors' obligations under the Loan Documents, as the same may be amended, supplemented, or otherwise modified. Each Guarantor hereby ratifies, confirms, and acknowledges that its obligations under the Guaranty are in full force and effect and that such Guarantor continues to unconditionally and irrevocably guarantee the full and punctual payment, when due, whether at stated maturity or earlier by acceleration or otherwise, of all of the Obligations. Each Guarantor hereby acknowledges that its execution and delivery of this Agreement do not indicate or establish an approval or consent requirement by such Guarantor under the Guaranty in connection with the execution and delivery of amendments, modifications or waivers to the Credit Agreement, the Notes or any of the other Loan Documents.

Section 5. Representations and Warranties. Each of the Borrower and each Guarantor represents and warrants to the Administrative Agent and the Lenders that:

(a) the representations and warranties set forth in the Credit Agreement, the Guaranties and in the other Loan Documents (other than Section 7.14(b) of the Credit Agreement or any other representation and warranty relating solely to the existence of a Default or Event of Default that is untrue due to the existence of the Specified Events of Default) are true and correct in all material respects as of the date of this Agreement (except to the extent such representations and warranties relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); *provided*, *that* such materiality qualifier shall not apply if such representation or warranty is already subject to a materiality qualifier in the Credit Agreement or such other Loan Document;

(b) (i) the execution, delivery, and performance of this Agreement are within the corporate, limited liability company or other power and authority of the Borrower or such Guarantor, as applicable, and have been duly authorized by appropriate proceedings and (ii) this Agreement constitutes a legal, valid, and binding obligation of the Borrower or such Guarantor, as applicable, enforceable against the Borrower or such Guarantor in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the rights of creditors generally and general principles of equity;

(c) as of the effectiveness of this Agreement and after giving effect hereto, no Default or Event of Default (other than the Specified Events of Default) has occurred and is continuing;

(d) as of the date of this Agreement, the Borrower is justly and truly indebted in the following amounts, without defense, offset, counterclaim or recoupment, and which amounts constitute 1L Obligations (the "Hedge Close Out Amounts"): (i) the Close-out Amount (as defined in the MS Hedge Contract) owed by the Borrower in respect of the Hedge Contract between the Borrower and Morgan Stanley, dated December 2, 2019 (the "MS Hedge Contract") is $7,336,578.34; (ii) the Termination Amount (as defined in that certain letter agreement between the Borrower and Société Générale dated April 15, 2021) owed by the Borrower in respect of the termination of the transactions under the Hedge Contract between the Borrower and Société Générale, dated June 21, 2007, is $597,015.87; and (iii) the aggregate amount owed by the Borrower to Associated Bank, National Association in respect of the termination of the transactions under the Hedge Contract between the Borrower and Associated Bank, National Association, dated January 4, 2017, is $88,745.60, in each case of (i) – (iii) plus accrued and unpaid interest at the applicable rate and in accordance with the terms of the Agreement, Joinder, Amendment to Forbearance Agreement and Amendment No. 11 to Credit Agreement dated as of April 28, 2021 by and among the Borrower, the Guarantors, the RBL Agent and the Revolving Lenders (such interest, the "Hedge Close Out Amount Interest"); and

(e) as of the date of this Agreement, the outstanding principal amount of the Advances under the Revolving Credit Agreement is $71,399,869.44, the amount of accrued and unpaid interest on such principal amount is $51,349.23, and the amount of accrued and unpaid Hedge Close Out Amount Interest is $461,694.69. Other than the amounts described in this clause (e), the immediately preceding clause (d) and the reasonable professional fees payable under the Revolving Credit Agreement, there are no additional 1L Obligations outstanding as of the date of this Agreement.

Section 6. Effectiveness. This Agreement shall become effective and enforceable against the parties hereto, upon the occurrence of the following conditions precedent (such date being the "Effective Date"):

(a) The Administrative Agent shall have received multiple original counterparts, as requested by the Administrative Agent, of this Agreement duly and validly executed and delivered by duly authorized officers of the Borrower, the Guarantors, the Administrative Agent and each Lender.

(b) The representations and warranties in this Agreement shall be true and correct before and after giving effect to this Agreement (other than Section 7.14(b) of the Credit Agreement or any other representation and warranty relating solely to the existence of a Default or Event of Default that is untrue due to the existence of the Specified Events of Default).

(c) No Default or Event of Default (other than the Specified Events of Default) shall have occurred and be continuing.

(d) No event that would constitute a Forbearance Termination Event (as such term is amended hereby) shall have occurred and be continuing as of the Effective Date.

(e) (i) The Administrative Agent shall have received a copy of a fully executed settlement and lien release agreement dated as of the date hereof with respect to the Revolving Credit Agreement among the Borrower, the other Loan Parties, the RBL Agent, the Revolving Lenders and the Swap Counterparties, which shall (A) provide for the release of the Liens of the Revolving Lenders and the RBL Agent on the Assets upon the consummation of the transactions contemplated by the APA and the RBL Agent's receipt of the Net Sale Proceeds on the Closing Date, (B) provide for the full and final settlement and release of all 1L Obligations and claims under the Revolving Credit Agreement, the other related loan documents and the Specified Hedge Contracts, and (C) otherwise be in a form satisfactory to the Administrative Agent (the "Settlement and Lien Release Agreement") and (ii) the Settlement and Lien Release Agreement shall be effective or shall become effective on the Effective Date substantially simultaneously with this Agreement.

(f) The Administrative Agent shall have received such other certificates, documents, instruments and agreements as the Administrative Agent may reasonably request in connection herewith.

(g) The Borrower shall have paid all other costs, expenses, and fees which have been invoiced and are payable pursuant to Section 12.04 of the Credit Agreement or any other written agreement.

(h) The APA shall have been executed by the Borrower and the Buyer and shall be in full force and effect.

Section 7. Acknowledgments and Agreements.

(a) Cooperation.

(i) The Borrower hereby covenants and agrees that it shall and shall cause each of its Subsidiaries, and shall use commercially reasonable efforts to cause each of their respective officers, directors, employees and advisors to (i) cooperate fully with the Administrative Agent in connection with its review, analysis, and evaluation of the Borrower's and its Subsidiaries' financial affairs, finances, financial conditions, business, and operations (including historical financial information and projections) and (ii) cooperate fully with the Administrative Agent, the Lenders, and their respective designees in furnishing information reasonably available to the Borrower and its Subsidiaries as and when requested by the Administrative Agent, the Lenders, and their respective designees, including, without limitation, the Borrower's and its Subsidiaries' financial affairs, finances, financial condition, business, and operations.

(ii) The Borrower shall provide the Administrative Agent at least two business days' notice of any proposed amendment, restatement, supplement, modification or replacement of the Settlement and Lien Release Agreement, and shall not agree or otherwise consent to any amendment, restatement, supplement, modification or replacement of the Settlement and Lien Release Agreement without the prior written consent of the Administrative Agent.

(b) Requested Information. At the reasonable request of the Administrative Agent, the Lenders, and their respective designees, subject to privilege and other confidentiality requirements, the Borrower hereby agrees that it shall use its commercially reasonable efforts to cause the chief executive officer, the chief financial officer, and such other officers, directors, employees, and advisors of the Borrower to make themselves available to discuss any matters regarding the Borrower's or any Subsidiary's

financial affairs, finances, financial condition, business, and operations, all upon reasonable notice during normal business hours to fully disclose to the Administrative Agent, the Lender, and their respective designees all information reasonably requested by the Administrative Agent, the Lenders, and their respective designees regarding the foregoing.

(c) Default Interest. Each Loan Party acknowledges that during such time as any Event of Default exists, the Obligations shall bear interest at the rate then applicable to such Loans pursuant to the Credit Agreement, plus 3%, as set forth in Section 3.02(c) of the Credit Agreement (such incremental 3% amount, the "Default Amount"). By delivery of the Notice of Default, the Administrative Agent gave notice to each Loan Party that the applicable rate with respect to interest charged under the Loan Documents shall be increased by the Default Amount beginning April 16, 2021, in accordance with Section 3.02(c) of the Credit Agreement.

(d) Obligations. Each Loan Party acknowledges that on the date hereof all outstanding Obligations are payable in accordance with their terms (including the accrual of the interest at the rate set forth in clause (c) above), and each Loan Party waives any defense, offset, counterclaim or recoupment, in each case existing on the date hereof, with respect to such Obligations. Each Loan Party, the Administrative Agent, and each other party hereto does hereby adopt, ratify, and confirm the Forbearance Agreement, as amended hereby, and acknowledges and agrees that each of the Credit Agreement, and the Forbearance Agreement, as amended hereby, is and remains in full force and effect, and each Loan Party acknowledges and agrees that its respective liabilities and obligations under the Credit Agreement, the Forbearance Agreement, as amended hereby, the Guaranty and the Security Instruments are not impaired in any respect by this Agreement.

(e) Professional Advisors. Administrative Agent has engaged and retained Simpson Thacher & Bartlett LLP as legal counsel and Borrower expressly agrees to reimburse Administrative Agent for all fees, costs and expenses incurred by Administrative Agent whether before or after the date hereof as a result of such engagements as provided in Section 12.04 of the Credit Agreement.

(f) Other Defaults; Strict Performance; Course of Dealing. The description of the Specified Events of Default in the Forbearance Agreement, as amended hereby, is based upon the information provided to the Lenders on or prior to the date hereof and shall not be deemed to exclude the existence of any other Defaults or Events of Default. The failure of the Lenders to give notice to any Loan Party of any such other Defaults, Events of Default, or termination events is not intended to be nor shall be a waiver thereof. **Each Loan Party hereby agrees and acknowledges that (i) the Secured Parties require and will require strict performance by the Loan Parties of all of their respective obligations, agreements and covenants contained in the Credit Agreement, the Forbearance Agreement, as amended hereby (including without limitation with respect to each of the Forbearance Termination Events), and the other Loan Documents (including any action or circumstance which is prohibited or limited during the existence of a Default or Event of Default), and no inaction or action by any Secured Party regarding any Default or Event of Default (including, but not limited to, the Specified Events of Default) is intended to be or shall be a waiver thereof, and (ii) the Loan Parties shall remain bound by the terms and conditions of the Forbearance Agreement, as amended hereby (including without limitation with respect to each of the Forbearance Termination Events), in all respects. Each Loan Party hereby also agrees and acknowledges that no course of dealing and no delay in exercising any right, power, or remedy conferred to any Secured Party in the Credit Agreement or in any other Loan Documents or now or hereafter existing at law, in equity, by statute, or otherwise shall operate as a waiver of or otherwise prejudice any such right, power, or remedy.**

(g) Reservation of Rights. For the avoidance of doubt, each Loan Party hereby also agrees and acknowledges that the forbearance provided under the Forbearance Agreement, as amended by Section 2 above, shall not operate as a waiver of or otherwise prejudice any of the rights and remedies of the Administrative Agent and the Lenders as to the Specified Events of Default or otherwise, other than as expressly provided in the Forbearance Agreement, as amended by Section 2 above. The Administrative Agent and the Lenders hereby expressly reserve all of their rights, remedies, and claims under the Loan Documents. Nothing in this Agreement shall constitute a waiver or relinquishment of (i) any Default or Event of Default under any of the Loan Documents, including but not limited to, the Specified Events of Default, (ii) any of the agreements, terms or conditions contained in any of the Loan Documents, (iii) any rights or remedies of the Administrative Agent or any Lender with respect to the Loan Documents, or (iv) the rights of the Administrative Agent or any Lender to collect the full amounts owing to them under the Loan Documents.

(h) This Agreement. From and after the Effective Date, the Forbearance Agreement remains in full force and effect and all references to the Forbearance Agreement shall mean the Forbearance Agreement as amended by this Agreement. This Agreement is a Loan Document for the purposes of the provisions of the other Loan Documents. Without limiting the foregoing, any breach of the representations, warranties, and covenants under this Agreement shall be an automatic Event of Default, as applicable, under the Credit Agreement unless waived by the Lenders.

(i) **Further Loans and Continuations and Conversions. The Borrower and each other party hereto hereby acknowledges and agrees that (i) existing Loans may not be continued as, or be converted into, Eurodollar Rate Loans, and (ii) no Lender shall have any obligation to make additional Loans.**

(j) Lenders' Rights. The Lenders, except as expressly set forth in the Forbearance Agreement, as amended by this Agreement, (A) expressly retain and reserve all their rights and remedies available to them at any time (including, without limitation, (i) the right to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by any Lender to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower and any other Loan Party now or hereafter existing under the Credit Agreement or any other Loan Document, irrespective of whether or not such Lender shall have made any demand under the Credit Agreement or such other Loan Document and although such obligations may be unmatured, and (ii) the right to engage additional counsels and other advisors at the Borrower's expense and without any further notice, except for the notice, if any, required under the Credit Agreement or applicable law; and (B) do not waive the Specified Events of Default or agree to forbear from any rights or remedies with respect thereto; any such waiver or forbearance, or any extension of the forbearance provided hereunder, if done, would only be effective to the extent, and subject to terms and conditions, set forth in a separate written instrument executed and delivered by all the Lenders or the Required Lenders, as required under the Credit Agreement.

(k) Tolling of Statute of Limitations. The Borrower and Guarantors acknowledge and agree that the running of any statutes of limitation or doctrine of laches applicable to any claims or causes of action that the Administrative Agent or the Lenders may be entitled to take or bring in order to enforce their rights and remedies against any Loan Party (or any of its respective assets) is, to the fullest extent permitted by law, tolled and suspended during the period from the Effective Date until the Forbearance Termination Date.

(l) Deposit Accounts and Securities Accounts. Notwithstanding any other term of the Credit Agreement, during the Forbearance Period, no Loan Party shall open a deposit account or securities account, or instruct that any deposit account or securities account is maintained for its benefit without the prior written consent of the Administrative Agent.

(m) Hedge Terminations and Payments. The Borrower agrees that, until the Forbearance Termination Date, the Borrower shall not, nor shall it permit any of its Subsidiaries, to make any payment (other than monthly hedge settlement payments in the ordinary course of business) in respect of any Hedge Contract, including any Hedge Contract that has been subject to a Hedge Termination. Notwithstanding any other term of the Credit Agreement, a termination of a Hedge Contract shall not be deemed to be a breach of any term of the Credit Agreement (including without limitation Section 8.12 thereof) so long as no enforcement action is taken or litigation is brought in connection with such termination or any other action is taken to collect amounts owing under such Hedge Contract in connection with such termination.

(n) Mandatory Prepayments. For the avoidance of doubt, all parties agree and acknowledge that the mandatory prepayment requirements set forth in Section 3.05 of the Credit Agreement remain in full force and effect.

Section 8. **RELEASE. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby, for itself and its successors and assigns, fully and without reserve, releases, acquits, and forever discharges each Secured Party, its respective successors and assigns, officers, directors, employees, representatives, trustees, attorneys, agents and each other Related Party of such Secured Party (collectively the "Released Parties" and individually a "Released Party") from any and all actions, claims, demands, causes of action, judgments, executions, suits, debts, liabilities, costs, damages, expenses or other obligations of any kind and nature whatsoever, direct and/or indirect, at law or in equity, whether now existing or hereafter asserted, whether absolute or contingent, whether due or to become due, whether disputed or undisputed, whether known or unknown (INCLUDING, WITHOUT LIMITATION, ANY OFFSETS, REDUCTIONS, REBATEMENT, CLAIMS OF USURY OR CLAIMS WITH RESPECT TO THE NEGLIGENCE OF ANY RELEASED PARTY) (collectively, the "Released Claims"), for or because of any matters or things occurring, existing or actions done, omitted to be done, or suffered to be done by any of the Released Parties, in each case, on or prior to the Effective Date and are in any way directly or indirectly arising out of or in any way connected to any of this Agreement, the Credit Agreement, any other Loan Document, or any of the transactions contemplated hereby or thereby (collectively, the "Released Matters"). Each Loan Party, by execution hereof, hereby acknowledges and agrees that the agreements in this Section 8 are intended to cover and be in full satisfaction for all or any alleged injuries or damages arising in connection with the Released Matters herein compromised and settled. Each Loan Party hereby further agrees that it will not sue any Released Party on the basis of any Released Claim released, remised and discharged by the Loan Parties pursuant to this Section 8. In entering into this Agreement, each Loan Party consulted with, and has been represented by, legal counsel and expressly disclaim any reliance on any representations, acts or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth herein do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. The provisions of this Section 8 shall survive the termination of this Agreement, the Credit Agreement and the other Loan Documents, the payment in full of the Obligations.**

Section 9. **Choice of Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York.

Section 10. **WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON**

CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 11. **Miscellaneous**.

(a) **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original. Delivery of this Agreement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

(b) **NO ORAL AGREEMENT.** THIS AGREEMENT, THE CREDIT AGREEMENT, AS AMENDED BY THIS AGREEMENT, THE FORBEARANCE AGREEMENT, AS AMENDED BY THIS AGREEMENT, AND THE OTHER LOAN 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 AMONG THE PARTIES.

(c) **Payment of Expenses**. The Borrower agrees to pay or reimburse the Administrative Agent for all of its costs and expenses incurred in connection with this Agreement, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the fees, charges and disbursements of counsel to the Administrative Agent.

(d) **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(f) **Amendments, Etc**. No amendment or waiver of any provision of this Agreement or the Forbearance Agreement, nor consent to any departure by the Borrower or any Subsidiary therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lenders and the Borrower, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

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EXECUTED as of the date first set forth above.

**BORROWER:**

**ABRAXAS PETROLEUM CORPORATION**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President and Chief Financial Officer

**GUARANTORS:**

**ABRAXAS PROPERTIES INCORPORATED**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President, Treasurer and Assistant Secretary

**SANDIA OPERATING CORP.**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President, Treasurer and Assistant Secretary

**RAVEN DRILLING, LLC**

By: /s/ Steve Harris
Name: Steve Harris
Title: Vice President, Treasurer and Assistant Secretary

**ADMINISTRATIVE AGENT:**

ANGELO GORDON ENERGY SERVICER, LLC

By: /s/ Todd Dittmann
Name: Todd Dittmann
Title: Authorized Person

**LENDER:**

AG ENERGY FUNDING, LLC
ON BEHALF OF SERIES 17 AND SERIES 20

By: /s/ Todd Dittmann
Name: Todd Dittmann
Title: Authorized Person

**Exhibit 99.1**

**Abraxas Announces Comprehensive Restructuring, Transformation into Pure-Play Delaware Basin Company**

- **Williston Basin Assets Sold for $87.2MM**
- **Proceeds Used to Pay Off All First Lien Debt**
- **All Second Lien Debt Exchanged for Preferred Stock**

SAN ANTONIO—January 3, 2022 (BUSINESS WIRE)—Abraxas Petroleum Corporation, a Nevada corporation ("Abraxas" or the "Company") (OTCQX:AXAS), today announced (i) the cash sale of its Williston Basin assets to Lime Rock Resources for $87.2MM, (ii) the repayment of all of its revolving credit facility and (iii) the exchange of its entire Second Lien Term Loan held by Angelo Gordon Energy Funding, LLC ("Angelo Gordon" or "AG") into newly authorized Series A Preferred Stock. The transactions, which closed today, were part of the Company's previously announced strategic alternatives review.

Bob Watson, Abraxas President & CEO stated, "For some time, Abraxas has been trying to find a solution that would resolve the indebtedness held by our lenders while at the same time providing continuing opportunity for our stockholders. The transactions announced today pay off all of our bank debt and convert AG's 2L Term Loan into preferred equity. Most importantly, the restructuring positions Abraxas as an unlevered, Delaware Basin pure play that can now access available capital sources to restart a drilling program in the Permian Basin. In short, we now have the opportunity to drill and complete wells in order to grow our production for the benefit of our common and preferred stockholders."

**Pro Forma Capital Structure**

Abraxas' capital structure is now comprised of common stock and preferred stock. The preferred stock has an initial preference amount of approximately $137MM which will accrete at 6% per annum, compounding quarterly (the "Accreted Preference Amount"). The holders of preferred stock will have approximately 85% of the total votes allocated to common and preferred stockholders and will thus have voting control of the Company. Upon a future Deemed Liquidation event (merger or other transaction as defined in the Preferred Stock Certificate of Designation), current Abraxas stockholders would receive 5% of any distribution above $100MM, until AG has received the Accreted Preference Amount, plus 25% of any distribution above that amount. In the near term, the Company may enter into a modest revolving credit facility with a commercial bank in order to "jump start" the Permian drilling program.

**Board of Directors**

The size of the Abraxas board of directors has been increased to five members: two continuing Abraxas directors and three new directors designated by AG. Effective with consummation of the transactions, two AG directors have been appointed to the Board, and a third AG member will be added later in January.

**Advisors**

Petrie Partners Securities, LLC served as financial advisor to Abraxas. Dykema Gossett PLLC and Holland & Hart LLP served as legal counsel to Abraxas. Simpson Thacher & Bartlett LLP and Brownstein Hyatt Farber Schreck served as legal counsel to Angelo Gordon.

Abraxas Petroleum Corporation is a San Antonio based crude oil and natural gas exploration and production company with operations in the Permian Basin.

Safe Harbor for forward-looking statements: Statements in this release looking forward in time involve known and unknown risks and uncertainties, which may cause Abraxas' actual results in future periods to be materially different from any future performance suggested in this release. Such factors may include, but may not be necessarily limited to, changes in the prices received by Abraxas for crude oil and natural gas. In addition, Abraxas' future crude oil and natural gas production is highly dependent upon Abraxas' level of success in acquiring or finding additional reserves. Further, Abraxas operates in an industry sector where the value of securities is highly volatile and may be influenced by economic and other factors beyond Abraxas' control. In the context of forward-looking information provided for in this release, reference is made to the discussion of risk factors detailed in Abraxas' filings with the Securities and Exchange Commission during the past 12 months.

Contacts
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