THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE AS CONTAINING ADEQUATE INFORMATION FOR USE IN CONNECTION WITH THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE DEBTOR'S PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISSEMINATION OF THIS PROPOSED DISCLOSURE STATEMENT ARE NOT INTENDED AND SHOULD NOT IN ANY WAY BE CONSTRUED AS A SOLICITATION OF VOTES ON THE PLAN, NOR SHOULD THE INFORMATION CONTAINED HEREIN BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THE PROPOSED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION.

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Attorneys for III Exploration II LP

IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH, CENTRAL DIVISION

In re III EXPLORATION II LP, Debtor.	Case No. 16-26471 (RKM) Chapter 11

DISCLOSURE STATEMENT FOR DEBTOR'S AMENDED PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

IMPORTANT

THIS DISCLOSURE STATEMENT IS SUBMITTED TO ALL CREDITORS AND EQUITY INTEREST HOLDERS OF III EXPLORATION II LP AS REQUIRED BY RULE 3017(d) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. FOR THOSE CREDITORS ENTITLED TO VOTE ON THE PLAN OF LIQUIDATION DESCRIBED HEREIN, THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY AFFECT YOUR DECISION TO ACCEPT OR REJECT THE PLAN. THIS DISCLOSURE STATEMENT IS INTENDED TO PROVIDE ADEQUATE INFORMATION REGARDING THE PLAN AS REQUIRED BY THE BANKRUPTCY CODE. CREDITORS ARE ENCOURAGED TO READ THE DISCLOSURE STATEMENT AND ATTACHMENTS WITH CARE AND IN THEIR ENTIRETY.

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I. PRELIMINARY STATEMENTS

A. Important Information Concerning Disclosure Statement

III Exploration II LP, the debtor and debtor-in-possession (the "Debtor") in the above-captioned bankruptcy case (the "Bankruptcy Case"), submits this Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure. The purpose of this Disclosure Statement is to disclose information adequate to enable creditors who are entitled to vote to arrive at a reasonably informed decision in exercising their rights to vote on the Debtor's Amended Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the "Plan"). A copy of the Plan is attached hereto as Exhibit A. Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meanings ascribed to them in Article II of the Plan. The rules of interpretation set forth in Article II of the Plan shall govern the interpretation of this Disclosure Statement.

This Disclosure Statement is not intended to replace a careful review and analysis of the Plan, including the specific treatment of Claims under the Plan. The Disclosure Statement is submitted as an aid and supplement to your review of the Plan and is intended to explain certain terms and provisions of the Plan. Reasonable efforts have been made to explain various aspects of the Plan as they affect creditors. If any questions arise, the Debtor urges you to contact its counsel to attempt to resolve your questions. You may, of course, wish to consult with your own counsel.

B. Disclaimers

NO SOLICITATION OF VOTES HAS BEEN OR MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND SECTION 1125 OF THE BANKRUPTCY CODE, AND NO PERSON HAS BEEN AUTHORIZED TO USE ANY INFORMATION CONCERNING THE DEBTOR TO SOLICIT ACCEPTANCES OR REJECTIONS OF THE PLAN OTHER THAN THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. CREDITORS SHOULD NOT RELY ON ANY INFORMATION RELATING TO THE DEBTOR OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED.

EXCEPT AS SET FORTH IN THIS DISCLOSURE STATEMENT AND EXHIBITS, NO REPRESENTATION CONCERNING THE DEBTOR OR THE PLAN IS AUTHORIZED NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SOLICIT ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

UNLESS ANOTHER TIME IS SPECIFIED, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EFFORTS TO OBTAIN APPROVAL OF THE DISCLOSURE STATEMENT AND PLAN SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE THE DATE OF THE DISCLOSURE

STATEMENT OR SINCE THE DATE THAT THE MATERIALS RELIED UPON IN PREPARATION OF THE DISCLOSURE STATEMENT WERE COMPILED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION, ARBITRATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS AND SHALL BE INADMISSIBLE FOR ANY PURPOSE ABSENT THE EXPRESS WRITTEN CONSENT OF THE DEBTOR AND THE PARTY AGAINST WHOM SUCH INFORMATION IS SOUGHT TO BE ADMITTED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. THE DESCRIPTIONS SET FORTH HEREIN OF THE ACTIONS, CONCLUSIONS, OR RECOMMENDATIONS OF THE DEBTOR, THE FIRST LIEN LENDERS, THE SECOND LIEN LENDERS, OR ANY OTHER PARTY IN INTEREST HAVE BEEN PASSED UPON BY SUCH PARTY, BUT NO SUCH PARTY MAKES ANY REPRESENTATION OR WARRANTY REGARDING SUCH DESCRIPTIONS.

THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR WILL IT BE CONSTRUED TO CONSTITUTE CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE DEBTOR'S LIQUIDATION AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR THE COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT AND THE PLAN SHOULD BE READ IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN. FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, CERTAIN TERMS OF THE PLAN ARE SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN, WHICH CONTROLS IN CASE OF ANY INCONSISTENCY.

C. Solicitation Package

Accompanying this Disclosure Statement for the purpose of soliciting votes on the Plan are copies of (i) the Plan, (ii) the notice of, among other things, the time for submitting a ballot (the "Ballot") to accept or reject the Plan, the date, time, and place of the combined hearing to consider the Disclosure Statement and Confirmation of the Plan (the "Hearing") and related matters, and the time for filing objections to the Confirmation of the Plan (the "Combined Hearing Notice"), and (iii) a Ballot or Ballots (and return envelope(s)) that you may use in voting to accept or to reject the Plan, or a notice of non-voting status, as applicable. If you did not receive a Ballot and believe that you should have, please contact Debtor's counsel at the address or telephone number set forth in the next subsection.

D. Voting Procedures, Ballots, and Voting Deadline

After carefully reviewing the Plan and this Disclosure Statement, and the exhibits thereto, and the detailed instructions accompanying your Ballot, holders of Eligible Claims in Class 1 should indicate their acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Each such holder should complete the Ballot and return it in the envelope provided so that it is RECEIVED by the Voting Deadline (as defined below).

If you have any questions about the procedure for voting your Claim with respect to the packet of materials that you have received, please contact the Debtor's counsel (i) telephonically or (ii) in writing by (a) hand delivery, (b) overnight mail or (c) first class mail using the information below:

by hand delivery or overnight mail at:

George Hofmann
c/o Ballot Tabulation
Cohne Kinghorn, P.C.
111 East Broadway, 11th Floor
Salt Lake City, Utah 84111

DEBTOR'S COUNSEL MUST RECEIVE THE ORIGINAL BALLOT ON OR BEFORE 5:00 P.M., PREVAILING MOUNTAIN TIME, ON NOVEMBER 26,2018 (THE "VOTING DEADLINE") AT THE APPLICABLE ADDRESS ABOVE. EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT, BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE ACCEPTED OR USED IN CONNECTION WITH THE DEBTOR'S REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

The Debtor reserves the right to amend the Plan, subject to written consent by the First Lien Agent. Amendments to the Plan that do not materially and adversely affect the treatment of Claims or Interests may be approved by the Bankruptcy Court at the Combined Hearing without the necessity of resoliciting votes. In the event resolicitation is required, the Debtor will furnish new solicitation materials that will include new Ballots to be used to vote to accept or reject the Plan, as amended

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor may reorganize its business for the benefit of its creditors, equity holders, and other parties in interest or engage in an orderly liquidation of its business. The Debtor commenced the Bankruptcy Case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on July 26, 2016. The Bankruptcy Case is being administered under Case No.

16-26471 (RKM). See Section VI.A - "The Bankruptcy Case - Commencement of the Bankruptcy Case.''

The commencement of a Chapter 11 case creates an estate of all the legal and equitable interests of the debtor-in-possession as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and continue in possession of its property as a "debtor-in-possession'' unless the bankruptcy court orders the appointment of a trustee. In the Bankruptcy Case, the Debtor has remained in possession of its property and is winding down its business as a debtor-in-possession. See Article VI - "The Bankruptcy Case.''

Under Section 362 of the Bankruptcy Code, the filing of a Chapter 11 petition, among other things, automatically stays all attempts by creditors or other third parties to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Exempted from the automatic stay are governmental authorities seeking to exercise regulatory or policing powers. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a Chapter 11 plan is the principal purpose of a Chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor's estate. Unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a Chapter 11 case (the "Filing Period''). However, Section 1121(d) of the Bankruptcy Code permits the bankruptcy court to extend or reduce the Filing Period upon a showing of "cause.'' Following the filing of a plan, a debtor must solicit acceptances of the plan within a certain time period (the "Solicitation Period''). The Solicitation Period may also be extended or reduced by the bankruptcy court upon a showing of "cause.'' In the Bankruptcy Case, by Orders dated November 22, 2016 [Dkt. No. 169], January 9, 2017 [Dkt. No. 226], March 23, 2017 [Dkt. No. 332], May 24, 2017 [Dkt. No. 400], and July 14, 2017 [Docket No. 417] the Debtor's Exclusive Filing Period and the Debtor's Exclusive Solicitation Period were extended to, through and including, July 31, 2017, and September 30, 2017, respectively. See Section VI(F) - "The Bankruptcy Case - Exclusivity Periods.''

B. The Plan of Liquidation

A Chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and interest holders with respect to their claims against, and interests in, the debtor. According to Section 1125 of the Bankruptcy Code, acceptances of a Chapter 11 plan may be solicited by the debtor only after a written disclosure statement has been provided to each creditor or shareholder who is entitled to vote on the plan.

The Debtor's Plan is a plan of liquidation. In general, a Chapter 11 plan of liquidation (i) divides claims and interests into separate classes, (ii) specifies the property that each Class is to receive under the plan, and (iii) contains other provisions necessary to implement the Plan.

III. OVERVIEW OF THE PLAN

A. Purpose of the Plan

The primary purpose of the Plan is to effectuate the completion of the orderly wind down of the Debtor's affairs. Pursuant to the Plan, the Debtor contemplates the liquidation of substantially all of its Assets and the Distribution of the related proceeds and the remainder of its Assets for the benefit of holders of eligible Claims pursuant to the Plan and the Bankruptcy Code's priority scheme.

The Disclosure Statement sets forth certain detailed information regarding the Debtor's history and significant events that occurred prior to, and during, the Bankruptcy Case. The Disclosure Statement describes the Plan, effects of confirmation and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and voting procedures that holders of eligible Claims must follow for votes to be counted.

B. Summary of Proposed Distributions Under the Plan

Under the Plan, Claims against, and Interests in, the Debtor are divided into four (4) Classes. Certain Claims, including Administrative Claims and Priority Tax Claims, are not classified and, if not paid prior, will receive payment in full in Cash on the later of the Effective Date or the date such Claim is Allowed, or as otherwise agreed to by the holder of such Claim. All other Claims and Interests, to the extent Allowed, will receive the Distributions described in the table below.

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors or equity interest holders whose claims or interests are impaired by the plan and will receive no distribution under the plan are not entitled to vote because they are deemed to have rejected the plan under Section 1126(g) of the Bankruptcy Code.

The table below summarizes the classification and treatment of the Claims and Equity Interests under the Plan. The summary is qualified in its entirety by reference to the provisions of the Plan and the estimates contained therein may be subject to change.

Description	Treatment	Entitled to Vote	Estimated Allowed Amount	Estimated Recovery
Administrative Claims (including Professional Fees)	Unimpaired; payment in full, in cash, of the allowed amount of such Claim (or as otherwise agreed)	No	$75,000	100%

Priority Tax Claims	Unimpaired; payment in full, in cash, of the allowed amount of such Claim (or as otherwise agreed)	No	$0.00	100%
Class 1 - First Lien Lender Claims	Impaired; payment of such Claimant's Pro Rata share of Distributions made under the Plan.	Yes	$88,016,501[1]	61%
Class 2 - Second Lien Lender Claims	Impaired; no Distribution under the Plan unless all other Classes are first paid in full.	No	$26,775,979.68	0%
Class 3 - General Unsecured Claims	Impaired; no Distribution under the Plan unless all other Classes are first paid in full.	No	$141,889,061.67	0%
Class 4 - Equity Interests	Impaired; no Distribution under the Plan unless all other Classes are first paid in full.	No	N/A	0%

IV. THE COMBINED HEARING AND OBJECTION DEADLINE

THE BANKRUPTCY COURT HAS SCHEDULED DECEMBER 4, 2018, AT 1:00 P.M., PREVAILING MOUNTAIN TIME, AS THE DATE AND TIME FOR THE COMBINED HEARING ON THE DISCLOSURE STATEMENT AND CONFIRMATION AND TO CONSIDER ANY OBJECTIONS TO THE SAME. THE COMBINED HEARING WILL BE HELD AT THE UNITED STATES BANKRUPTCY COURT, 350 SOUTH MAIN STREET, ROOM 369, SALT LAKE CITY, UTAH 84101. THE DEBTOR WILL REQUEST THE PLAN BE CONFIRMED AT THE COMBINED HEARING.

THE BANKRUPTCY COURT HAS FURTHER FIXED NOVEMBER 26, 2018, AS THE DEADLINE (THE "OBJECTION DEADLINE") FOR FILING OBJECTIONS TO CONFIRMATION WITH THE BANKRUPTCY COURT. OBJECTIONS TO CONFIRMATION MUST BE SERVED SO AS TO BE RECEIVED BY THE FOLLOWING PARTIES ON OR BEFORE THE OBJECTION DEADLINE:

[1] This amount does not include sale proceeds distributed to the First Lien Agent in accordance with Orders approving such sales or post-petition interest..

Counsel to the Debtor:

Cohne Kinghorn, P.C.
Attn: George B. Hofmann,
and Patrick Johnson
111 East Broadway, 11th Floor
Salt Lake City, UT 84111

Counsel to the First Lien Agent:

Thompson & Knight LLP
Attn: David M. Bennett
and Demetra L. Liggins
811 Main Street, Suite 2500
Houston, Texas 77002

Counsel to the Second Lien Agent:

KeyBank National Association
Attn: Michael A. Axel
127 Public Square, Second Floor
Cleveland, Ohio 44114-1306

United States Trustee:

Office of the United States Trustee
Attn: Vincent Cameron
and Peter Kuhn
405 South Main Street, Suite 405,
Salt Lake City, Utah 84111

ANY OBJECTION TO CONFIRMATION MUST BE IN WRITING AND (A) MUST STATE THE NAME AND ADDRESS OF THE OBJECTING PARTY AND THE AMOUNT OF ITS CLAIM OR THE NATURE OF ITS INTEREST AND (B) MUST STATE WITH PARTICULARITY THE NATURE OF ITS OBJECTION. ANY CONFIRMATION OBJECTION NOT TIMELY FILED AND SERVED AS SET FORTH HEREIN SHALL BE DEEMED WAIVED AND SHALL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

V. BACKGROUND

A. The Debtor's History and Background

The Debtor is an Idaho limited partnership formed in September 2001 and headquartered in Boise, Idaho. The Debtor was engaged in the exploration and production ("E&P") of oil and natural gas deposits. As a limited partnership, the Debtor operated through its general partner, Petroglyph Energy, Inc. ("Petroglyph"), which is a wholly-owned subsidiary of Intermountain Industries, Inc. ("Intermountain"). In its role as general partner, Petroglyph managed the operations and governance of the Debtor, for which it received a management fee consisting of five percent of Petroglyph's costs. Petroglyph provided field operation services and certain financial and accounting services to the Debtor through its wholly owned non-debtor subsidiary, Petroglyph Operating Company, Inc. ("POCI").

1. <u>The Debtor's Pre-Petition Business</u>

The Debtor essentially was a real property holding company, that held a variety of working interests in approximately 900 oil and gas leases in Utah, Colorado, and North Dakota (the "Property") and generated the majority of its revenue through sales of crude oil and natural gas extracted from the Property by its affiliate, POCI, or third party operators. The Debtor did not perform actual drilling on its Property; rather, POCI performed drilling on the Property or the Debtor coordinated drilling with other operators unaffiliated with the Debtor.

POCI, on the Debtor's behalf, marketed the extracted crude oil and natural gas from Property it operated on behalf of the Debtor on either a month-to-month or a longer-term basis, up to 24 months, pursuant to sales contracts. The oil sales contracts were priced based on monthly New York Mercantile Exchange ("NYMEX") West Texas Intermediate ("WTI") price, less a deduction to move the product from the field to the refinery. Operators of the Debtor's properties other than POCI marketed natural gas and oil on behalf of all working interest owners, including the Debtor, based on oil gas and sales contracts priced at the relevant NYMEX index price adjusted for transportation and location. The Debtor's customer base was highly concentrated. For example, oil sales to five purchasers and joint-interest operators constituted more than 90% of the Debtor's total oil revenues in the twelve months ending December 2015, and natural gas sales to three purchasers and joint-interest operators constituted over 90% of the Debtor's natural gas revenue for the same period.

During 2015, the Debtor generated approximately $70 million of commodity revenues. As of December 31, 2015, the Debtor owned approximately 20 million barrels of oil equivalents of proved reserves and earned over $48 million in EBITDA for the twelve months ending December 31, 2015 (including the benefit of swaps settled in December 2015 to reduce the outstanding borrowing base under the First Lien Credit Agreement).

B. The Debtor's Pre-Petition Assets[2]

1. Real Property

As of the Petition Date, the Debtor owned substantial real property holdings in Utah, Colorado, and North Dakota, which are described in greater detail in the Debtor's Schedules [Dkt. No. 64]. As of the Petition Date, the Debtor estimated the value of its real property holdings at approximately $105,204,901.38.

In summary, the Debtor's real property interests consisted of: (a) approximately 29,375 net acres of property operated by POCI (i.e. Operated Property); (b) 28,858 net acres of Property operated by unaffiliated third-parties (i.e. Non-Operated Property); and (c) approximately 35,250 undeveloped acres in the Raton Basin in Colorado.

a) Operated Property

As of the Petition Date, the Debtor had an interest in 29,375 net acres located in the western Uinta Basin in Utah ("Western Uintah Basin Property" or "WUB Assets") where POCI served as Operator. Generally, the Debtor held 100% of the working interests in wells operated by POCI.

b) Non-Operated Property

As of the Petition Date, the Debtor had an interest in 28,858 acres located in (i) the eastern Uintah Basin in Duchesne County of Utah (the "Eastern Uintah Basin Property" or "EUB Assets") and (ii) the Williston Basin, North Dakota (the "North Dakota Assets"). There, the Debtor and other working interest holders customarily entered into joint operating agreements to

[2] Since the Petition Date, and pursuant to orders of this court, the Debtor has sold the North Dakota Assets, the Raton Tract, the Eastern Uinta Basin Assets, and the Western Uinta Basin in Utah ("WUB Assets") with total gross proceeds of approximately $62,275,000.00. The Debtor abandoned its interest in the Raton Leases.

govern the parties' responsibilities with respect to the wells, including which party would serve as the Operator. The EUB Assets and North Dakota Assets (together, the "Non-Operated Property") were operated by unaffiliated third-parties. As of December 31, 2015, the Non-Operated Properties were producing from approximately 350 wells.

c) Raton Assets

As of the Petition Date, the Debtor had an interest in approximately 25,250 undeveloped acres in the Raton Basin (the "Raton Assets"). More specifically, the Raton Assets included (i) a 35-acre parcel of real property in Huerfano County, Colorado described as City Ranch Properties Phase III, Tract 83 (the "Raton Tract"), and (ii) an interest in approximately 296 separate leases (the "Raton Leases").

The Debtor acquired the Raton Assets primarily for potential exploration and development of coal-bed methane gas, but ultimately determined that such development was not economically feasible. Prior to the Petition Date, the Debtor completed the work of plugging and abandoning all of its wells on the properties covered by the Leases. Notwithstanding, the Debtor has outstanding obligations to Colorado state and/or local authorities to complete reclamation work in connection with the Raton Assets.

2. Personal Property Utilized in Operations[3]

The Debtor's Schedule A/B [Dkt. No. 64] identifies the personal property owned as of the Petition Date, which it valued at approximately $5,297,695.76 as of the Petition Date.

C. The Debtor's Capital Structure

1. The First Lien Facility

Prior to the Petition Date, the Debtor obtained financing from the First Lien Lenders pursuant to a senior secured credit facility evidenced by that certain Credit Agreement dated February 19, 2013 among the Debtor, as borrower, Wilmington Trust, National Association (the "First Lien Agent"), as successor administrative agent to KeyBank National Association ("KeyBank"), and the First Lien Lenders (as amended, supplement or modified, the "First Lien Credit Agreement").

The First Lien Credit Agreement provided the Debtor with a revolving credit facility (the "First Lien Facility") subject to a borrowing base that could be adjusted by the First Lien Agent based upon the value of the Debtor's oil and gas reserves. Pursuant to that certain Guarantee and Collateral Agreement dated February 19, 2013 among the Debtor, as borrower, Petroglyph, as guarantor, and the First Lien Agent (the "First Lien Guarantee and Collateral Agreement"), the First Lien Facility is secured by a first-priority lien in substantially all of the Assets of the Debtor and all personal property of Petroglyph.

[3] The Debtor has sold most or all of its tangible personal property in connection with its sales of real property in the course of the Bankruptcy Case. To the extent that any tangible personal property remains in the Estate on the Effective Date of the Plan, the Plan Administrator will attempt to liquidate that remaining property. The Debtor estimates the value of the remaining tangible personal property is zero.

As of the Petition Date, the aggregate amount of not less than $88,016,501.00 was due and owing under the First Lien Facility, consisting of unpaid principal in the amount of not less than $84,135,196.00, accrued but unpaid interest and fees in the amount of not less than $3,881,305.00, plus all other fees, expenses, charges, and other amounts due in connection therewith.

2. The Second Lien Facility

Prior to the Petition Date, the Debtor also obtained secured financing from the Second Lien Lenders under the Second Lien Term Loan Agreement, dated as of February 19, 2013, among the Debtor, the Second Lien Lenders, Citibank N.A., as Syndication Agent, and KeyBank, as Administrative Agent (the "Second Lien Agent") (the "Second Lien Credit Agreement").

The Second Lien Credit Agreement provided the Debtor with a $25 million term loan (the "Second Lien Facility"). Pursuant to that certain Guarantee and Collateral Agreement dated February 19, 2013 among the Debtor, as borrower, Petroglyph, as guarantor, and KeyBank, as administrative agent (the "Second Lien Guarantee & Collateral Agreement"), the Second Lien Facility was secured by a second-priority lien in substantially all assets of the Debtor and all personal property of Petroglyph.

As of the Petition Date, the aggregate amount of not less than $26,775,979.68 was due and owing under the Second Lien Facility, consisting of unpaid principal in the amount of not less than $25,000,000.00, accrued but unpaid interest and fees in the amount of not less than $1,775,979.68, plus all other fees, expenses, charges, and other amounts due in connection therewith.

3. Oil and Gas Lienholders

In addition, operators of some of the Debtor's mineral leases, including QEP Energy Company ("QEP") and EP Energy E&P Company, L.P. ("EP Energy"), asserted secured claims against the Debtor, based on alleged security interests pursuant to oil and gas lien statutes in Utah and elsewhere. In the course of the Chapter 11 Case, the Debtor reached, and the Bankruptcy Court approved, settlement agreements with QEP and EP Energy with respect to their asserted secured claims. Through implementation of those certain settlement agreements, QEP and EP Energy have no remaining Claims, secured or otherwise, against the Debtor or the Estate. See Section VI(C)(1) - "The Bankruptcy Case - QEP and EP Energy Disputes."

4. Unsecured Debt

In addition, the Debtor is a borrower under an unsecured subordinated promissory note with Intermountain (the "Intermountain Facility"). Under the terms of the Intermountain Facility, the Debtor could borrow up to $160 million under a loan agreement that is subordinated to the First and Second Lien Facilities. The maturity date for any borrowings under the Intermountain Facility is February 19, 2019. As of December 31, 2015, approximately $132 million was outstanding on the Intermountain Facility. All interest is paid in kind and added to the outstanding balance.

The Debtor's Schedule E/F [Dkt. No. 64] lists Priority Claims totaling $746,214.81 and General Unsecured Claims totaling $136,501,753.53, with total Unsecured Claims of $137,247,968.34. The Debtor believes all Priority Claims have since been paid in full pursuant to Bankruptcy Court orders. After considering proofs of claim that were filed in the Bankruptcy Case, and the scheduled claims that are likely to be Allowable, the Debtor believes the unpaid Allowable General Unsecured Claims total no more than $141,889,061.67.

Intermountain holds the clear majority (approximately $134 million arising under the Intermountain Facility) of the Debtor's unpaid General Unsecured Claims, with the remaining scheduled unsecured debt a mixture of trade creditors, taxing authorities, Operators, and other miscellaneous creditors.

5. <u>Equity Interests</u>

The Debtor has four classes of partners: the general partner (Petroglyph), the Class A Limited Partner, the Class B Limited Partners, and the Class C Limited Partners. Intermountain and its shareholders own 100% of the Debtor's Class A limited partner units and approximately 2% of the Debtor's Class B limited partner units and 100% of the general partner's common stock. The remaining Class B limited partner units and the Class C limited partner units are held by various persons and entities, the majority of whom are located in Idaho and Connecticut.

D. Events Leading to the Chapter 11 Case

Prior to the Petition Date, oil and gas companies across the United States and around the world were negatively impacted by a downward spiral in commodity prices. The difficulties faced by the Debtor were consistent with problems faced industry-wide. E&P companies were challenged by low natural gas prices for years, with prices remaining below $3.00/MMBtu as of the Petition Date. The scale of the oil price decline similarly impacted the Debtor. In January 2016, the price of oil hit a twelve-year low, dipping below $30 a barrel, and remained at approximately $45 a barrel as of the Petition Date. The dramatically low natural gas prices, the steep drop in the price of oil, and general market uncertainty created an incredibly challenging operational environment for the Debtor.

In addition to decreased revenue because of the distressed oil and gas environment, lower commodity prices also resulted in a reduction to the Debtor's borrowing capacity under the First Lien Credit Agreement. Pursuant to the terms of the First Lien Credit Agreement, on a quarterly basis, the First Lien Agent could adjust the maximum borrowing base of the Debtor under the credit facility based on the value of the Debtor's oil and gas reserves. Any reduction of the borrowing base under the First Lien Credit Agreement gave rise to a requirement that the Debtor repay outstanding loans in excess of the newly reduced borrowing base within a 120-day period. For example, on February 15, 2015, the borrowing base was $110 million with outstanding borrowings of $110 million. Debtor reduced the borrowings in May 2015 to $105 million. On June 30, 2015, the borrowing base was $105 million, with outstanding borrowings of $105 million. Effective July 20, 2015, the borrowing base was reduced to $85 million, then further reduced to $75 million on September 5, 2015. Pursuant to the First Lien Credit Agreement, repayment of the approximately $20 million deficiency was required by November 17, 2015, with an additional $10 million deficiency due by January 2, 2016.

Prior to the Petition Date, the Debtor took proactive steps to respond to market pressures and to resolve the upcoming $30 million payment due to the lenders under the First Lien Credit Agreement. First, the Debtor began implementing a substantial cost-cutting program (including, among other things, reducing capital expenditures) that resulted in a 22% reduction in general and administrative expenses and a 42% reduction in lease operating expenses. The Debtor also launched a robust, comprehensive process to attempt to resolve the shortfall under the First Lien Credit Agreement either through a sale of assets, the refinancing of the credit agreement, or the infusion of new equity investment from potential new equity sponsors. In connection with that process, the Debtor engaged Tudor Pickering Holt & Co., an investment bank focused on the energy market.

While discussions with the prospective investors were underway, the Debtor and its advisors also engaged in discussions with the First Lien Agent and its advisors regarding the respective parties' views with respect to valuation, debt capacity, potential pro forma capital structures, and possible forbearance and/or alternative workout arrangements. Despite best efforts, those discussions ultimately failed to provide the Debtor with additional time necessary to engage with the prospective investors, and the First Lien Agent and the Debtor were unable to agree on the terms of a forbearance agreement that would allow the Debtor to pursue an out-of-court restructuring. Further, beginning on November 6, 2015, the First Lien Agent began to exercise remedies against payments owed to the Debtor on account of oil and gas hedging arrangements, thereby significantly reducing the Debtor's revenue. It ultimately became clear that the Debtor lacked the requisite time to reach a resolution on the terms of an out-of-court restructuring or refinancing. The Debtor determined that seeking protection under Chapter 11 of the Bankruptcy Code was in the best interests of the Debtor and its stakeholders to forestall additional potential actions by the First Lien Lenders and the First Lien Agent.

VI. THE BANKRUPTCY CASE

A. Commencement of the Bankruptcy Case

On July 26, 2016, the Debtor commenced the Bankruptcy Case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

1. First Day Motions

On or about the Petition Date, the Debtor filed a number of motions and other pleadings (the "First Day Motions"). The First Day Motions were proposed to ensure the Debtor's orderly transition into the Chapter 11 proceedings. The initial hearings for such relief were held on July 28, 2016 and August 17, 2016.

The first day orders entered by the Bankruptcy Court consist of the following:

- Order Granting Motion to Pay Critical Mineral Interest Payments [Dkt. No. 52 (Interim Order); Dkt. No. 90 (Final Order)].

- Order Authorizing Debtor and its Affiliate to Continue Use of Their Existing Bank Accounts [Dkt. No. 53 (Interim Order); Dkt. No. 87(Final Order)].

- Order Granting Application to Employ Donlin, Recano & Company, Inc. as Claims and Noticing Agent [Dkt. No. 86]

2. **Debtor-in-Possession Financing and Transition Services Agreement**

As more fully described below, the Debtor sought Bankruptcy Court approval of (a) that certain post-petition financing arrangement, and (b) the assumption of a transition services agreement (the "TSA"), through which the Debtor formalized its relationship with POCI to ensure the continued operation of the Debtor's assets for the benefit of the Estate.

a) *Debtor-in-Possession Financing*

Prior to the Petition Date, the Debtor and the DIP Agent, on behalf of the DIP Lenders, with the assistance of their respective professionals, engaged in extensive arm's length negotiations concerning the terms of the DIP Credit Agreement. The DIP Lenders conditioned entry into the DIP Credit Agreement upon the Debtor's agreement to market and sell substantially all of its assets on an expedited basis through a Bankruptcy Court approved sale process. The Debtor assessed potential alternatives and determined, in its business judgment, that entry into the DIP Credit Agreement was in the best interest of the Estate and necessary to ensure continued post-petition operations to maximize the value of its assets.

Accordingly, on the Petition Date, the Debtor filed the *Motion for (I) An Interim Order Authorizing Debtor to Use Cash Collateral and Provide Adequate Protection, Modifying the Automatic Stay, and Granting Related Relief; and (II) a Final Order Authorizing Debtor to Use Cash Collateral, Provide Adequate Protection, and Obtain Post-Petition Secured Financing, Granting Liens and Providing Superpriority Administrative Expense Status, Modifying the Automatic Stay, and Granting Related Relief* [Dkt. No. 5] (the "DIP Financing Motion").

Through the DIP Financing Motion, the Debtor sought authority to enter into the DIP Credit Agreement, which, among other things, (i) permitted the Debtor to use the First Lien Lenders' cash collateral, (ii) provided the Debtor with access to a post-petition borrowing facility of up to $4,000,000 (the "DIP Facility"), (iii) granted the DIP Agent and DIP Lenders first priority liens on substantially all of the Debtor's assets (other than Avoidance Actions) to secure obligations arising under the DIP Facility, and (iv) granted the First Lien Agent and First Lien Lenders adequate protection superpriority liens on substantially all of the Debtor's assets (other than Avoidance Actions).

The Court granted the DIP Financing Motion and approved the DIP Credit Agreement on an interim basis on July 29, 2016 [Dkt. No. 54], and on a final basis on August 17, 2016 (the "DIP Order") [Dkt. No. 89]. In the DIP Order, the Court expressly found that the grant under the First Lien Guarantee and Collateral Agreement constituted valid, binding, enforceable security interest perfected by liens on the Debtor's property, which were not subject to avoidance, subordination, recharacterization, recovery, attack, offset, counterclaim, defense or Claim of any kind, with certain limited exceptions.

b) *Assumption of TSA*

Prior to the Petition Date, POCI was providing services to the Debtor on an informal basis. Over the course of negotiations concerning the DIP Credit Agreement, the Debtor determined that securing POCI's services post-petition was critical in its efforts to maximize value for the benefit of the Estate. Although the basic economic arrangement between the Debtor and POCI had been in place for many years, POCI was under no obligation to perform services post-petition. Accordingly, the parties memorialized their arrangement in the TSA.

Thus, the Debtor filed the *Motion for Order Approving Debtor's Assumption of Transition Services Agreement with Petroglyph Operating Company, Inc.* [Dkt. No. 10] (the "TSA Motion") contemporaneously with the DIP Financing Motion. Pursuant to the TSA Motion, the Debtor sought Bankruptcy Court approval to assume the TSA under which POCI agreed to provide post-petition operating services to the Debtor.

The Bankruptcy Court approved the TSA Motion by Order dated August 17, 2016 [Dkt. No 88].

c) *Amendments*

Subsequent to the Bankruptcy Court's approval of the DIP Financing Motion and the TSA Motion, the Debtor entered into a series of amendments to DIP Credit Agreement and the TSA primarily to extend certain deadlines set forth therein relating to the administration of the Bankruptcy Case and the sale of the Debtor's assets.

- The Bankruptcy Court entered Orders approving the TSA amendments on February 7, 2017 [Dkt. No. 261], February 28, 2017 [Dkt. No. 294], April 4, 2017 [Dkt. No. 366], May 25, 2017 [Dkt. No 404], and August 9, 2017 [Dkt. No 446].

- The Bankruptcy Court entered Orders approving the amendment of the DIP Credit Agreement on January 9, 2017 [Dkt. No. 22], February 28, 2017 [Dkt. No. 293], April 4, 2017 [Dkt. No. 367], May 25, 2017 [Dkt. No. 403], and August 8, 2017 [Dkt. No. 443].

- The Debtor filed stipulations, on February 27, 2018 [Dkt. No. 484], May 29, 2018 [Dkt. No. 494], and August 29, 2018 [Dkt. No. 506], extending its time to utilize cash collateral in accordance with the DIP Order to October 19, 2018.

d) *Utilization of the DIP Facility*

The Debtor ultimately did not need to draw on the DIP Facility. Rather, the Debtor was able to rely upon the First Lien Lenders' cash collateral to fund the Chapter 11 case through the date hereof.

3. <u>Retention of Professionals</u>

Soon after the commencement of the Chapter 11 Case, the Debtor obtained Bankruptcy Court approval to retain (a) Cohne Kinghorn, PC as counsel [Dkt. No. 84], and (b) Tudor, Pickering, Holt & Co. as financial advisor and investment banker [Dkt. No. 85].

B. Sale of Debtor's Assets

As previously noted, the Debtor determined that an expedited sale of substantially all of its assets was in the best interest of the Estate. On the advice of TPH, and in an effort to maximize value, the Debtor began marketing its assets in four groups: (1) Western Uintah Basin Property, (2) the Eastern Uintah Basin Property, (3) the North Dakota Assets, and (4) the Raton Assets.

Accordingly, shortly after the Petition Date, the Debtor sought Bankruptcy Court approval of a sale process, which as more fully described below was subsequently modified to encourage broad market participation and resulted in a successful multi-stage auction process.

On August 11, 2016, the Debtor filed the *Motion for Order Approving Bid Procedures for Sale of Substantially All of Debtor's Assets* [Dkt. No. 69] (the "Bid Procedures Motion"). Under the Bid Procedures Motion, the Debtor sought Bankruptcy Court approval to implement procedures by which a sale of substantially all the Debtor's property would occur. The Court granted the Bid Procedures Motion on August 23, 2016 [Dkt. No. 94] and established a process and an initial timeline for the Debtor to sell substantially all of its Assets, which was subsequently extended by Order of the Bankruptcy Court [Dkt. No. 115]. As more fully described below, the Debtor sold substantially all of its assets over the course of the bankruptcy Case.

1. <u>WUB/EUB Asset Sales</u>

The Debtor, with the assistance of its Professionals, solicited interest and assessed offers for its most valuable Assets and eventually concluded that the amended timeline adequately exposed the Western and Eastern Uintah Basin Properties to the market. Accordingly, the Debtor held an auction on November 4, 2016 (the "WUB/EUB Auction"). At the WUB/EUB Auction, the Debtor sought bids on the EUB Assets, WUB Assets and North Dakota assets.

- Ute Energy, LLC ("Ute Energy"), an affiliate of the Ute Tribe of the Uintah & Ouray Reservation (the "Ute Indian Tribe") placed a winning bid of $52 million for the WUB Assets, with Crescent Point Energy U.S. Corp. ("Crescent Point") placing a binding backup bid of $51.5 million for same (<u>see</u> *Debtor's Report of Auction Results* [Dkt. No. 149]); and

- Crescent Point placed a winning bid of $3.5 million for the EUB Assets (<u>see</u> *id.*); however,

- As more fully described in Section VI(B)(2), the Debtor determined that postponement of the North Dakota asset auction would likely maximize proceeds for the Estate.

a) *Sale of the Eastern Uintah Basin Property to Crescent Point*

On November 22, 2016, the Debtor filed the *Motion for Order Approving Sale of Debtor's Eastern Uintah Basin Property and the Assumption and Assignment of Executory Contracts* [Dkt. No. 173] (the "Crescent Point EUB Sale Motion"), whereby the Debtor sought Bankruptcy Court approval to consummate the sale of the EUB Assets to Crescent Point.

The Court approved the Crescent Point EUB Sale Motion on December 21, 2016, and the Debtor closed the sale of the EUB Assets shortly thereafter.

b) *Failed Sale of the Western Uintah Basin Property to Ute Energy*

On November 22, 2016, the Debtor also filed the *Motion for Order Approving Sale of Debtor's Western Uintah Basin Property* [Dkt. No. 172] (the "Ute Energy WUB Sale Motion"), whereby the Debtor sought Bankruptcy Court approval to consummate the sale of the WUB Assets to Ute Energy. Shortly thereafter, Ute Energy repudiated the executed purchase agreement and refused to proceed with the proposed transaction.

After substantial negotiations between the Debtor, Ute Energy and Crescent Point, Crescent Point agreed to buy the WUB Assets in accordance with its backup bid. Notwithstanding, the Debtor asserted that Ute Energy was in breach of the purchase agreement and subsequently consummated a settlement with Ute Energy, which is more fully described below.

c) *Sale of the Western Uintah Basin Property to Crescent Point*

On February 10, 2017, the Debtor filed the *Motion for Order Approving Sale of Debtor's Western Uintah Basin Property and the Assumption and Assignment of Executory Contracts* [Dkt. No. 264] (the "Crescent Point WUB Sale Motion"), whereby the Debtor sought Court approval to close on the sale of the WUB Assets to Crescent Point.

On March 8, 2017, the Court approved the Crescent Point WUB Sale Motion [Dkt. No. 303]. However, Crescent Point engaged in a course of conduct that delayed closing and resulted in Arbitration.

d) *Dispute Concerning the Appropriate Purchase Price for the Western Uintah Basin Property*

Shortly after the Bankruptcy Court approved the Crescent Point WUB Sale Motion, Crescent Point requested an extension of time to perform additional due diligence with respect to the WUB Assets. The Debtor granted Crescent Point's request, and Crescent Point ultimately asserted that alleged environmental defects warranted a $7,080,000 reduction in the purchase price agreed upon in the Western Uintah Basin Sale Agreement.

The Debtor and the First Lien Lenders vigorously contested Crescent Point's allegations; however, the parties eventually agreed to consummate the sale and address Crescent Point's allegations in accordance with the dispute resolution procedures set forth in the Western Uintah Basin Sale Agreement (i.e. initiate Arbitration to adjudicate the issue).

Accordingly, on or about May 3, 2017, the Western Uintah Basin Sale Transaction closed. Purporting to exercise its rights under the Western Uintah Basin Sale Agreement, Crescent Point held back $7,080,000 from the base purchase price of $51,500,000.

On September 15, 2017, the parties commenced Arbitration. In August 2017, the parties agreed that the arbitrator would be the Honorable Sandra N. Peuler (ret.) (the "Arbitrator"). The dispute was heard in arbitration from April 30, 2018 through May 4, 2018. On July 16, 2018, the Arbitrator issued her Final Arbitration Award, a copy of which is attached as Exhibit A to the Debtor's Status Report Concerning Crescent Point Arbitration Award dated July 25, 2018. In short, the Debtor and the Agent prevailed on virtually every dispute. The Debtor was awarded the full $7,080,000 which Crescent Point had withheld from the purchase price agreed upon in the Western Uintah Basin Sale Agreement.

2. North Dakota Asset Sale

The WUB/EUB Auction did not produce an acceptable bid for the Debtor's North Dakota Assets. The Debtor, in consultation with its Professionals, determined that additional market exposure would likely generate higher and better offers for the North Dakota assets.

a) *Bid Procedures Relating to the North Dakota Assets*

On November 10, 2016, the Debtor filed the *Motion for Order Approving Bid Procedures for Sale of Debtor's North Dakota Assets* [Dkt. No. 150] (the "North Dakota Bid Procedures Motion"), whereby it sought Bankruptcy Court approval to implement bid procedures for the North Dakota Assets. On November 22, 2016, the Court approved the North Dakota Bid Procedures Motion [Dkt. No. 171].

On December 4, 2016, the Debtor held an auction for the North Dakota Assets, at which Pivotal Petroleum ("Pivotal") placed a winning bid of $7,250,000.00. See Debtor's Report of Auction Results, Dkt. No. 181.

b) *Sale of North Dakota Assets to Pivotal*

On December 22, 2016, the Debtor filed the *Motion for Order Approving Sale of Debtor's North Dakota Assets and the Assumption and Assignment of Executory Contracts* [Dkt. No. 206] (the "North Dakota Sale Motion"), through which it sought Bankruptcy Court approval to consummate the sale of the North Dakota Assets to Pivotal.

On January 17, 2017, the Court approved the North Dakota Sale Motion [Dkt. No. 240], and the Debtor closed the sale of the North Dakota Assets shortly thereafter.

3. Disposition of Raton Assets

The Debtor included the Raton Assets (i.e. the Raton Tract and the Raton Leases) as one of four packages of assets marketed for sale in the Bankruptcy Case, but no qualified bids were received. The Debtor concluded that the Raton Leases had no value to the Estate, particularly in light of the reclamation obligations associated therewith, and would simply expire by their terms over the next several years. Consequently, the Debtor sought and the Bankruptcy Court approved abandonment of the Raton Leases. The Debtor accepted an unsolicited offer and sold the Raton Tract and received $26,295.97 in net proceeds (the "Raton Sale Proceeds")

On February 2, 2017, the Debtor obtained an Order from the Bankruptcy Court authorizing the Debtor's abandonment of the Raton Leases [Dkt. No. 254].

On April 4, 2017, the Debtor obtained an Order [Dkt. No. 368] authorizing the sale of the Raton Tract for the gross purchase price of $30,000; the sale closed shortly after entry of that Order, and the Debtor received $26,295.97 in net proceeds.

C. Settlements

1. <u>QEP and EP Energy Disputes</u>

QEP and EP Energy are pre- and post-petition Operators of property in which the Debtor held working interests. At various times during the Bankruptcy Case, QEP and EP Energy asserted claims against the Debtor, including secured claims and priority claims, which the Debtor disputed.

After extensive negotiations between the Debtor and QEP, and the Debtor and EP Energy, the Debtor reached separate global settlements of all disputes between the Debtor and QEP and the Debtor and EP Energy.

- On March 8, 2017, the Debtor filed the *Motion for Order Approving Settlement with EP Energy* [Dkt. No. 301] (the "EP Energy Settlement Motion"), which the Bankruptcy Court approved on March 23, 2017 [Dkt. No. 333].
- On March 9, 2017, the Debtor filed its Motion for Order Approving Settlement with QEP Energy Company [Dkt. No. 307] (the "QEP Settlement Motion"), which the Bankruptcy Court approved on March 23, 2017 [Dkt. No. 334].

As a result, QEP and EP Energy have no remaining claims against the Debtor or the Estate.

2. <u>Ute Energy Dispute and Settlement</u>

As referenced above, the Debtor alleged a potential damage claim against Ute Energy arising from Ute Energy's refusal to consummate the sale of the Western Uintah Basin Property for $52 million.

Pursuant to the Bid Procedures Motion, Ute Energy submitted a $2.5 million deposit to the Debtor to participate in the WUB/EUB Auction. The Debtor asserted that it was entitled to retain the $2.5 million deposit as liquidated damages in the event Ute Energy failed to perform its obligations under its binding bid. However, the Debtor determined that an ongoing dispute with Ute Energy, an entity controlled by the Ute Indian Tribe, jeopardized the alternative transaction with Crescent Point. Specifically, the sale of Western Uintah Basin Property required the assignment of the Debtor's interest in certain lands controlled by the Ute Indian Tribe.

The Debtor, Ute Energy and the Ute Indian Tribe engaged in negotiations and settled their disputes: the Debtor agreed to return the $2.5 million deposit; Ute Energy and the Ute Indian Tribe agreed to facilitate the assignment of the Debtor's interest in tribal lands to Crescent Point.

On February 6, 2017, the Debtor filed the *Motion to Approve Settlement with Ute Energy and the Ute Tribe of the Uintah & Ouray Reservation* [Dkt. No. 256], which the Court approved February 28, 2017 [Dkt. No. 292].

3. **<u>POCI Settlement in Furtherance of the Debtor's Wind-Down</u>**

a) *Issues Between the Debtor, POCI, Petroglyph and the First and Second Lien Lenders*

Petroglyph has limited assets from which it could satisfy claims of the First and Second Lien Lenders; although, Petroglyph has pledged the equity of POCI (the "POCI Equity") for the benefit of the First Lien Lenders and the Second Lien Lenders. POCI is liquidating its assets as it winds down its operations due to the Debtor's sale of substantially all of its assets, including certain furniture, fixtures and equipment (collectively, the "POCI Equipment"), which POCI utilized in connection with rendering services as Operator of the assets for the Debtor and under the TSA. POCI intends to generate cash proceeds (the "POCI Equipment Proceeds") through the sale of the POCI Equipment to various third parties, and POCI is in currently in possession of $879,275.00 in POCI Equipment Proceeds generated from sales conducted through July 24, 2017. POCI also has substantial unpaid liabilities.

b) *The Settlement Agreement*

The Debtor, POCI, Petroglyph and the First and Second Lien Lenders (collectively, the "Parties") sought to resolve the above-referenced impediments to confirmation through a mechanism and procedure that is favorable to the Debtor and the other Parties. The Parties executed that certain Settlement Agreement on August 31, 2017 (the "POCI Settlement"). The POCI Settlement, which was approved pursuant to the Order Approving Settlement with Petroglyph Operating Company, Inc. and Lenders [Dkt. No. 466], and is conditioned on the occurrence of the Effective Date of the Plan, is summarized below:

(i) POCI will transfer $100,000.00 to the Debtor for purposes of winding down the Estate and closing the Bankruptcy Case (defined in the Plan as the "POCI Contribution");

(ii) The First Lien Agent and the Second Lien Agent authorized the Debtor, upon and after the occurrence of the Plan Conditions, to use $50,000.00 to effectuate the post-Plan Effective Date wind-down of the Debtor's estate pursuant to the Wind-Down Budget. The $50,000 shall be comprised of $23,704.03 in cash collateral and $26,295.97 from the Raton Sale Proceeds.

(iii) First Lien Agent and the Second Lien Agent are releasing any claims to the POCI Contribution, which is collateral under the First and Second Lien Credit Agreements;

(iv) Petroglyph and POCI will agree to fund all costs and expenses in connection with any and all reclamation and augmentation obligations relating to the Raton Leases;

(v) Petroglyph and POCI agree to cooperate in connection with the Arbitration, including making witnesses and documents available upon reasonable request of the First Lien Agent.

(vi) Petroglyph, POCI, Intermountain and each of their officers and directors will release the First Lien Agent, the First Lien Lenders, the Second Lien Agent, and the Second Lien Lenders and their respective officers, directors, employees, agents, consultants and attorneys;

(vii) The First Lien Agent, First Lien Lender, Second Lien Agent and the Second Lien Lenders release Petroglyph, POCI and Intermountain and each of their officers, directors, equity owners, employees, agents, consultants, and attorneys; and

(viii) The First Lien Agent and Second Lien Agent agree to cooperate with Petroglyph and POCI to effectuate the releases set forth in the Agreement upon the Plan Effective Date, including with respect to any documents or filings necessary or appropriate to release any liens or security interests in property of Petroglyph or POCI.

D. Other Significant Filings

1. Schedules of Assets and Liabilities, Statement of Financial Affairs

On August 9, 2016, the Debtor filed schedules of assets and liabilities and a statement of financial affairs [Dkt. No. 64] (collectively the "Schedules"). As a result, unless (a) the Schedules indicate that a particular Creditor's Claim is disputed, contingent or unliquidated, or (b) a timely objection is filed to a scheduled claim by the deadline established in the Plan, that Creditor's scheduled Claim is deemed to be an Allowed Claim.

2. Bar Date for Filing of Claims Arising Prior to the Petition Date

On August 5, 2016, the Notice of Chapter 11 Bankruptcy Case [Dkt. No. 62] (the "Bar Date Notice") established (i) November 29, 2016 as the deadline for each person or entity (including, without limitation, individuals, partnerships, corporations, joint ventures and trusts) to file a proof of claim in respect of a Prepetition Claim against the Debtor (the "General Bar Date") and (ii) January 23, 2017 as the deadline for governmental units (as defined in Section 101(27) of Bankruptcy Code) to file a proof of claim in respect of a Prepetition Claim against the Debtor (the "Governmental Bar Date").

Under the Bar Date Notice and the Plan, any person or entity that was required to file a timely proof of claim and failed to do so on or before the Bar Date will not be entitled with respect to such claim to receive any payment or distribution of property from the Debtor.

E. Motions to Assume or Reject Executory Contract and Unexpired Leases

1. Motion to Reject Lease or Executory Contract with QEP Energy Company

Prior to the Petition Date, the Debtor was the successor to the rights of a former affiliate, III Exploration Company, Inc. ("III Exploration Co.") with respect to that certain Joint Venture Agreement dated October 16, 1992 between Chandler & Associates, Inc. ("Chandler") and III Exploration Co., as amended (the "JVA") and that certain Operating Agreement dated October 6, 1992 between Chandler and III Exploration Co., as amended (the "JOA"). QEP was the successor to the rights of Chandler under the JVA and the JOA. Under the JOA/JVA, QEP operated certain oil and gas properties jointly owned with the Debtor, collected certain overhead and operating fees, costs, and expenses from the Debtor, payed taxes on behalf of the Debtor, and payed net revenue to the Debtor.

The Debtor determined the JOA/JVA was no longer necessary for or beneficial to the Debtor's ongoing business and created unnecessary and burdensome expenses for the Debtor's estate, particularly in light of the proposed sale of substantially all of its assets. On October 10, 2016, the Debtor filed a motion to reject the JOA/JVA [Dkt. No. 98]. On November 10, 2016, the Court entered an Order approving the rejection [Dkt. No. 154].

2. Motion to Assume TSA

As referenced above, the Debtor filed a motion to assume the TSA in connection with the commencement of the Bankruptcy Case. The assumption motion was approved by Order dated August 17, 2016 [Dkt. No 88].

F. Exclusivity Periods

Pursuant to Sections 1121(b) and (c)(3) of the Bankruptcy Code, the Filing Period and Solicitation Period within which the Debtor could exclusively file and solicit its plan of liquidation were initially due to expire on November 23, 2016, and January 23, 2017, respectively. The Debtor requested that those periods be extended by motions dated November , 2016 [Dkt. No. 126], December 13, 2016 [Dkt. No. 187], February 28, 2017 [Dkt. No. 289], April 26, 2017 [Dkt. No. 379], May 31, 2017 [Dkt. No. 410]. By Orders dated November 22, 2016 [Dkt. No. 169], January 9, 2017 [Dkt. No. 226], March 23, 2017 [Dkt. No. 332], May 24, 2017 [Dkt. No. 400], July 14, 2017 [Dkt. No. 418], the Bankruptcy Court extended the initial Filing Period and the Solicitation Period through July 31, 2017 and September 30, 2017, respectively.

VII. THE CHAPTER 11 PLAN

A. General Description of the Treatment of Claims and Interests.

Each of the Classes established under the Plan is grounded in factual and legal differences between the Claims and Interests that comprise the Class.

1. Unclassified Claims

Pursuant to Sections 3.2 and 3.3 of the Plan, Administrative Claims and Priority Tax Claims shall be treated in accordance with Sections 1129(a)(9)(A) and 1129(a)(9)(C) of the Bankruptcy Code, respectively, as set forth in Article III of the Plan. Holders of such claims are not entitled to vote to accept or reject the Plan.

In general, unless otherwise agreed, Allowed Administrative Claims will be paid in full on the later of 30 days after such claims become Allowed or upon the Effective Date. In general, Allowed Priority Tax Claims will be paid on the later of the Effective Date or the date after any such claim becomes Allowed.

2. Class 1 - First Lien Lender Claims

a) *Claims in Class*

Sections 4.2 and 4.3 of the Plan classify First Lien Lender Claims as Class 1 Claims. The Class 1 Claims are entitled to secured status under the Bankruptcy Code.

b) *Treatment*

On the Effective Date, the First Lien Lender Claims will be deemed Allowed in the aggregate amount of $88,016,501. In accordance with 4.3(b) if the Plan, within one Business Day after the Effective Date, a distribution of all Available Cash (cash in the Estate less reserves) will be made to the First Lien Agent on behalf of the First Lien Lenders. Other Distributions will be made to the First Lien Agent on behalf of the First Lien Lenders at various times as provided in the Plan, including a final Distribution of any remaining Cash in the Administrative Claims Fund and the Expense Reserve and proceeds of any other Assets available to fund the Plan upon entry of a final decree by the Bankruptcy Court closing the Chapter 11 Case. The First Lien Lenders will retain their Liens on the Debtor’s property, and nothing in the Plan or Confirmation Order will affect, modify, or discharge the Liens of the First Lien Lenders.

c) *Voting*

Class 1 is impaired under the Plan. Each holder of Class 1 Claims are entitled to vote to accept or reject the Plan.

3. Class 2 - Second Lien Lender Claims

a) *Claims in Class*

Sections 4.2 and 4.4 of the Plan classify Second Lien Lender Claims as Class 2 Claims. The Class 2 Claims are entitled to secured status under the Bankruptcy Code.

b) *Treatment*

In accordance with Section 4.4(b) of the Plan, no distribution shall be made to the holders of the Second Lien Lender Claims because the Estate lacks sufficient assets to pay the First Lien Lender Claims in full. The Second Lien Lenders shall neither receive nor retain any property under the Plan. The Second Lien Lenders will retain their Liens on the Debtor's property, and nothing in the Plan or Confirmation Order will affect, modify, or discharge the Liens of the Second Lien Lenders.

c) *Voting*

Holders of Allowed Class 2 - Second Lien Lender Claims shall receive no Distribution under the Plan, unless Class 1 Claims are first paid in full. Pursuant to Section 1126(g) of the Bankruptcy Code, each holder of a Second Lien Lender Claim in Class 2 is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

4. <u>Class 3 Claims - General Unsecured Claims</u>

a) *Claims in Class*

Sections 4.2 and 4.5 of the Plan classify General Unsecured Claims as Class 3 Claims.

b) *Treatment*

In accordance with Section 4.5(b) of the Plan, no distribution shall be made to the holders of Class 3 Claims because the Estate lacks sufficient funds to pay the First Lien Lender Claims in full. Holders of Class 3 Claims shall neither receive nor retain any property under the Plan.

c) *Voting*

Holders of Allowed Class 3 - General Unsecured Claims shall receive no Distribution under the Plan, unless all prior Classes are first paid in full. Pursuant to Section 1126(g) of the Bankruptcy Code, each holder of a General Unsecured Claim in Class 3 is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

5. <u>Class 4 - Equity Interests</u>

a) *Claims in Class*

Sections 4.2 and 4.6 of the Plan classify Equity Interests as Class 4 Interests.

b) *Treatment*

On the Effective Date, all Equity Interests in the Debtor shall be deemed cancelled. Each holder of an Equity Interest in the Debtor shall neither receive nor retain any property under the Plan.

c) *Voting*

Holders of Class 4 Equity Interests shall receive no Distribution under the Plan. Pursuant to Section 1126(g) of the Bankruptcy Code, each holder of an Equity Interest in Class 4 is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

B. Plan Execution and Implementation

The Plan Administrator shall implement the Plan consistent with the terms and conditions set forth in the Plan and the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan and the Confirmation Order, the Reorganized Debtor may use, acquire or dispose of property and compromise or settle with the consent of the First Lien Agent, any Claim, Equity Interest or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

1. <u>Funding for the Plan</u>

The Plan will be funded in accordance with the Wind Down Budget, annexed and incorporated into the Plan as Exhibit "1," pursuant to which the Plan Administrator shall effectuate the orderly wind-down of the Debtor's Estate. As described above, POCI will contribute $100,000 to facilitate the wind-down of the Estate in accordance with the Wind Down Budget. The First Lien Agent, on behalf of the First Lien Lenders, has consented to the segregation and use of the First Lien Lenders' collateral (i.e. Cash) in accordance with the Wind Down Budget to facilitate the satisfaction of the Debtor's obligations under the Plan and to cover expenses of the Reorganized Debtor from the Effective Date through the closing of the Bankruptcy Case.

In accordance with Section 6.3 of the Plan, at least seven (7) days before the Combined Hearing, the Debtor shall file with the Bankruptcy Court a notice that reflects the proposed amounts of the Administrative Claims Fund and the Expense Reserve.

On the Effective Date, the Debtor shall establish the Administrative Claims Fund and the Expense Reserve and all Assets shall vest in the Reorganized Debtor.

The Administrative Claims Fund will be funded in an amount sufficient to pay Allowed Administrative Claims (including Allowed Professional Fee Claims) and Allowed Priority Tax Claims. The Expense Reserve shall be funded in an amount sufficient to effectuate the liquidation and distribution of the remaining Assets in accordance with the Plan. The initial funding of the Administrative Claims Fund and the Expense Reserve and subsequent use of Cash therein shall at all time be governed by the Wind Down Budget. For the avoidance of doubt, the First Pre-Petition Liens and the Pre-Petition Adequate Protection Replacement Liens of the First Lien Lenders are deemed to attach to the Administrative Claims Fund and Expense Reserve.

On and after the Effective Date, the Plan Administrator will liquidate the Assets vested in the Reorganized Debtor, which proceeds the Plan Administrator shall use, together with the Administrative Claims Fund and the Expense Reserve, to make Distributions and fully consummate the Plan.

2. <u>Administrative Claims Bar Dates</u>

Requests for allowance and payment of Administrative Claims, other than Professional Fee Claims, must be filed no later than thirty (30) days after notice of entry of the Confirmation Order is filed with the Bankruptcy Court. Holders of Administrative Claims who are required to file a request for allowance and payment of such Claims and who do not file such requests by the applicable Bar Date shall be forever barred from asserting such Claims against the Debtor or its property, and the holders thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, or recover such Administrative Claims.

3. Professional Fee Claim Bar Date

Each Professional who holds or asserts a Professional Fee Claim shall be required to file with the Bankruptcy Court and serve on all parties required to receive notice a final fee application within thirty (30) days after the Effective Date (unless such Professional is not otherwise required to file a fee Application pursuant to an order of the Bankruptcy Court. Each Professional or other Person that intends to seek payment on account of a Professional Fee Claim shall provide the Debtor with a statement, by no later than the Confirmation Date, of the amount of estimated unpaid fees and expenses accrued by such Professional up to the date of such statement, the amount of fees and expenses that each such Professional expects to incur from such date through the Effective Date, and the amount of fees and expenses that each such Professional expects to incur from such date in connection with the preparation each such Professional's final fee application. The failure of any Person or Professional to timely and properly file and serve a fee application shall result in the Professional Fee Claim being forever barred and discharged.

4. U.S. Trustee Fees

The Reorganized Debtor or the Plan Administrator (as applicable) shall pay all U.S. Trustee Fees, in accordance with the terms of the Plan, until such time as the Bankruptcy Court enters a final decree closing the Chapter 11 Case.

5. Vesting of Property

On the Effective Date, all Assets will vest in the Reorganized Debtor free and clear of all Claims, Liens, and other interests except as otherwise expressly provided in and subject to the terms of the Plan or Confirmation Order.

6. Filing of Additional Documents

On or before substantial consummation of the Plan, Reorganized Debtor or the Plan Administrator shall file with the Bankruptcy Court any agreements or other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

7. Estimated Distributions

The Plan Administrator shall reduce all property of the Estate and Causes of Action to Cash, and distribute such Cash pursuant to the provisions of this Plan. Given that the value of the Estate's assets is far less than the First Lien Lender Claims, there will not be sufficient funds to pay the First Lien Lender Claims in full. Accordingly, the Plan Administrator will not make any distributions to Holders of Claims other than the Holders of Allowed Class 1 Claims, and all other Classes under the Plan are deemed to reject the Plan.

8. Continuing Existence

From and after the Effective Date, the Reorganized Debtor shall continue in existence for the purposes of (a) winding up its affairs as expeditiously as reasonably possible, (b) liquidating, by converting to Cash or other methods, any remaining Assets, as expeditiously as reasonably possible, (c) resolving Disputed Claims, (d) administering the Plan, (e) filing appropriate tax returns and refund requests, (f) performing all such other acts and conditions required by and consistent with consummation of the Plan, and (g) distributing all Cash and the proceeds of any other Assets available to Fund the Plan to the First Lien Agent pursuant to Section 4.3(b) of the Plan.

9. Closing the Chapter 11 Case

After all Disputed Claims against the Debtor have become Allowed Claims or have been disallowed, and have been treated in accordance with the Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

10. Corporate Action

This Plan shall be administered by the Plan Administrator and all actions taken under the Plan in the Reorganized Debtor's name shall be taken through the Plan Administrator. Upon the distribution of all Assets pursuant to the Plan and the filing by the Plan Administrator of a certification to that effect with the Bankruptcy Court (which may be included in the application for the entry of the final decree), the Reorganized Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith, provided, however, that the Reorganized Debtor may, but will not be required to, take appropriate action to dissolve itself under applicable state law.

11. Winding Down Affairs

Following the Effective Date, neither the Reorganized Debtor nor the Plan Administrator shall engage in any business or take any actions, except those necessary to consummate the Plan and wind down its affairs. On and after the Effective Date, the Plan Administrator shall, in the name of the Debtor, take such actions without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than the restrictions imposed by the Plan or the Confirmation Order.

12. Destruction of Books and Records

The Reorganized Debtor's and the Plan Administrator's rights to seek authorization from the Bankruptcy Court for the destruction of books and records prior to the expiration of any statutory period requiring that such records be maintained are preserved.

13. Appointment of the Plan Administrator

The proposed Plan Administrator is Michael Rich, who is currently Vice President of the Debtor's general partner, Petroglyph. On the Effective Date, the Plan Administrator shall be deemed the Estate's representative in accordance with Section 1123 of the Bankruptcy Code and shall have all powers, authority, and responsibilities specified in the Plan, including, without limitation, the powers of a trustee under Sections 704 and 1106 of the Bankruptcy Code.

14. Powers and Duties of the Plan Administrator

The Plan Administrator shall act for the Reorganized Debtor in a fiduciary capacity subject to the provisions of the Plan and the Plan Administrator Agreement. The powers and duties of the Plan Administrator shall include, without limitation:

a) engaging, in consultation with the First Lien Agent, attorneys, consultants, agents, employees, and any other professional persons in accordance with the Wind Down Budget to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;

b) coordinating the storage and maintenance of the Reorganized Debtor's books and records or otherwise seeking authorization from the Bankruptcy Court for the destruction of such books and records prior to the expiration of any statutory period requiring that such records be maintained;

c) preparing financial statements and U.S. Trustee post-confirmation quarterly reports, until such time as a final decree has been entered in the Bankruptcy Case;

d) overseeing the filing of final tax returns, refund requests, audits, and other corporate dissolution documents, as required;

e) performing any additional corporate actions as necessary to carry out the wind up, liquidation, and distribution of the Reorganized Debtor's Assets;

f) paying the fees and expenses of the attorneys, consultants, agents, employees, and other professional persons engaged by the Reorganized Debtor and the Plan Administrator and to pay all other expenses for winding down the affairs of the Reorganized Debtor, subject to and in accordance with the Wind Down Budget and the terms of the Plan and Confirmation Order;

g) objecting to, compromising, and settling Claims, if necessary;

h) implementing and/or enforcing all provisions of the Plan and the Confirmation Order; and

i) such other powers as may be vested in or assumed by the Plan Administrator pursuant to the Plan, Plan Administrator Agreement, or Confirmation Order of the Bankruptcy Court, or as may be needed or appropriate to carry out the provisions of the Plan.

15. Employment of Professionals

In accordance with the Wind Down Budget and in consultation with the First Lien Agent, the Plan Administrator may employ attorneys, accountants, or other Professionals as he may deem appropriate and pay such professionals reasonable fees and expenses from the Expense Reserve in accordance with the Wind Down Budget. The Plan Administrator's employment and compensation of Professionals shall not be subject to Bankruptcy Court approval but upon written request the Plan Administrator shall provide invoices for the post-confirmation services of Professionals to the U.S. Trustee, the First Lien Agent or requesting creditors.

16. Plan Administrator Agreement

On the Effective Date, the Plan Administrator Agreement, filed with the Plan Supplement, shall be deemed to be valid, binding, and enforceable in accordance with its terms and provisions. The Plan Administrator Agreement shall be substantially in the form contained in the Plan. As set forth more fully in the Plan Administrator Agreement, the Plan Administrator shall receive compensation for his post-confirmation services at the rate of $350 per hour in accordance with the Wind Down Budget. Post-confirmation compensation of the Plan Administrator shall not be subject to approval of the Bankruptcy Court, and shall be paid from the Expense Reserve in accordance with the Wind Down Budget. Upon request the Plan Administrator shall provide invoices for his post-confirmation services to the U.S. Trustee and to the First Lien Agent. After the Effective Date, the Plan Administrator Agreement may be amended with the written consent of the First Lien Lender in accordance with its terms without further order of the Bankruptcy Court.

17. Successor Plan Administrator

In the event that the Plan Administrator resigns or is removed, is incapacitated, dies, or becomes otherwise unable or unwilling to continue to serve as Plan Administrator, the Bankruptcy Court shall, after notice and hearing, designate another Person to become the Plan Administrator. Thereupon the successor Plan Administrator, without further act, shall become fully vested with all of the rights, powers, duties, and obligations of his or her predecessor, including the compensation of the predecessor Plan Administrator. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any of his or her predecessors.

C. Distributions to Holders of Claims and Equity Interests

1. Estimation of Claims

The Plan Administrator may, at any time, request that the Bankruptcy Court estimate any Claim not expressly Allowed by the terms of the Plan and otherwise subject to estimation pursuant to Section 502(c) of the Bankruptcy Code and for which the Debtor may be liable under the Plan, including any Claim for taxes, to the extent permitted by Section 502(c) of the Bankruptcy Code, regardless of whether any party in interest previously objected to such Claim, and the Bankruptcy Court (or the District Court, if applicable) will retain jurisdiction to estimate any Claim pursuant to Section 502(c) of the Bankruptcy Code at any time prior to the time that such Claim becomes an Allowed Claim. The Plan Administrator shall be entitled to request that the Bankruptcy Court determine either the Allowed amount of such Claim or a maximum limitation on such Claim. If the Bankruptcy Court determines the maximum limitation of such Claim, such determination shall not preclude the Plan Administrator from pursuing any additional proceedings to object to any ultimate payment of such Claim. If the Bankruptcy Court determines the Allowed amount of such Claim, the amount so determined shall be deemed the amount of the Disputed Claim for all purposes under the Plan. The foregoing objection, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated by the Bankruptcy Court (or the District Court, if applicable) and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court (or the District Court, if applicable).

THE ESTIMATION OF CLAIMS AND ESTABLISHMENT OF RESERVES UNDER THE PLAN MAY LIMIT THE DISTRIBUTION TO BE MADE ON INDIVIDUAL DISPUTED CLAIMS IF THE ESTIMATION IS MADE SOLELY FOR THE PURPOSE OF ESTIMATING A MAXIMUM LIABILITY FOR RESERVE PURPOSES, REGARDLESS OF THE AMOUNT FINALLY ALLOWED ON ACCOUNT OF SUCH DISPUTED CLAIMS.

2. Automatic Disallowance and Expungement of Certain Claims

On the Effective Date, all Claims filed after the applicable Bar Date that were required to be filed on or in advance of such Bar Date under its terms, shall be expunged and disallowed without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Distribution on Account of Claims

All Distributions shall be made by the Plan Administrator or a duly-appointed disbursing agent to the holders of Allowed Claims. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator or by wire transfer from a domestic bank, at the option of the Plan Administrator. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

Checks issued by the Plan Administrator in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be in writing to the Plan Administrator by the holder of the Allowed Claim to whom such check originally was issued. Any such written claim in respect of such a voided check must be received by the Plan Administrator on or before sixty (60) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the Debtors and be treated as Available Cash. Any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Debtor, the Estate, or the Plan Administrator

4. Disputed Claims

a) *Objections to Disputed Claims*

On the Effective Date, the Plan Administrator shall have the exclusive right to make, file, and prosecute objections to and settle, compromise, or otherwise resolve Disputed Claims in consultation with the First Lien Agent, except that as to applications for allowances of Professional Fee Claims (each a "Fee Application"), objections may be made in accordance with the applicable Bankruptcy Rules by parties in interest; provided, however, that Section 3.2(c)(ii) of the Plan requires that objections to a Fee Application must be filed no later than seventeen (17) days after such Fee Application is filed. Subject to further extension by the Bankruptcy Court, the Plan Administrator shall file and serve a copy of any such objection upon the holder of the Claim to which an objection is made on or before the latest to occur of: (i) sixty (60) days after the Effective Date, (ii) thirty (30) days after a request for payment or proof of claim is timely filed and properly served upon the Plan Administrator, and (iii) such other date as may be fixed by the Bankruptcy Court either before or after the expiration of such time periods. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the Plan Administrator effects service in any of the following manners (x) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (y) by first-class mail, postage prepaid, on the signatory of the proof of claim or other representative identified in the proof of claim or any attachment thereto at the address of the creditor set forth therein; or (z) by first-class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Chapter 11 Case. From and after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim or retained Cause of Action pursuant to the terms of the Plan without further order of the Bankruptcy Court.

b) *Resolution of Disputed Claims*

No Distribution or payment shall be made on account of a Disputed Claim until such Disputed Claim becomes an Allowed Claim and shall be entitled to distribution in accordance with its respective Class of Claims.

VIII. EFFECT OF THE PLAN ON CLAIMS, EQUITY INTERESTS AND CAUSES OF ACTION

A. Binding Effect

Except as otherwise provided in Section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against or Equity Interest in the Debtor who held such Claim or Equity Interest at any time during the Chapter 11 Case and its respective successors and assigns, whether or not the Claim or Equity Interest of such holder is Impaired under the Plan and whether or not such holder has accepted the Plan.

B. Term of Injunctions or Stays

Unless otherwise provided in the Plan, all injunctions or stays provided for in the Chapter 11 Case pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Case are closed.

C. Retention of Rights and Causes of Action

Except as provided in the Plan and subject to Section 7.9 of the Plan, all present or future rights, claims, or Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtor held on behalf of the Estate or of the Debtor in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law against any Person that have not been released or sold on or prior to the Effective Date are preserved for the Reorganized Debtor and the Plan Administrator. On the Effective Date, pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, the Plan Administrator and the Reorganized Debtor shall have possession and control of, and shall retain and have the right to enforce and pursue, any and all present or future rights, claims, or Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses against any Person and with respect to any rights of the Debtor that arose before or after the Petition Date. The Plan Administrator and the Reorganized Debtor have, retain, reserve, and shall be entitled to assert and pursue all such claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and they may assert after the Effective Date, all legal and equitable rights of the Debtor not expressly released under the Plan. The Reorganized Debtor or the Plan Administrator, as applicable, may abandon, settle, or release any or all such claims, rights or Causes of Action, as either deems appropriate without further order of the Bankruptcy Court. In pursuing any claim, right, or Cause of Action, the Plan Administrator, as the representative of the Estate, shall be entitled to the extensions provided under Section 108 of the Bankruptcy Code. Except as otherwise provided in the Plan, all Causes of Action shall survive confirmation of the Plan and the commencement or prosecution of Causes of Action shall not be barred or limited by any estoppel, whether judicial, equitable, or otherwise. Notwithstanding the foregoing, the Reorganized Debtor shall not retain any claims or Causes of Action released pursuant to the Plan against the Released Parties or arising under Chapter 5 of the Bankruptcy Code (except that such claims or Causes of Action may be asserted as a defense to a Claim in connection with the Claims reconciliation and objection procedures pursuant to Section 502(d) of the Bankruptcy Code or otherwise).

In reviewing this Disclosure Statement and the Plan, and in determining whether to object to the Plan, creditors and other parties should consider that Causes of Action may exist against them, and that the Plan authorizes the Plan Administrator to prosecute same.

D. Avoidance Actions

Under Section 7.9 of the Plan, on the Effective Date, the Debtor shall be deemed to release any and all rights, claims, and causes of action that a trustee, debtor-in-possession, or other appropriate party in interest would be able to assert on behalf of the Debtor under applicable state statutes or the avoidance provisions of Chapter 5 of the Bankruptcy Code, including actions under one or more of the provisions of Sections 502, 510, 541, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code, including fraudulent transfer laws (the "Avoidance Actions"). As more fully described below, the Debtor has conducted an analysis of potential Avoidance Actions and concluded that none exist.

E. Releases by the Debtor

Pursuant to Section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or arising from intentional fraud, or willful misconduct, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released by the Debtor, each of the Debtor's current and former affiliates, and the Estate from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims, asserted on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, contract, violations of federal or state

securities laws, or otherwise, that the Debtor or the Estate would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtor or its affiliates, the Chapter 11 Case, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests before or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan, the Plan Supplement, the Disclosure Statement, the POCI Settlement, the Eastern Uintah Basin Sale Transaction, the Eastern Uintah Basin Sale Order, the Eastern Uintah Basin Sale Agreement, the North Dakota Sale Transaction, the North Dakota Sale Order, the North Dakota Sale Agreement, the Western Uintah Basin Sale Transaction, the Western Uintah Basin Sale Order, the Western Uintah Basin Sale Agreement, the Arbitration, the EP Energy Settlement Agreement, the QEP Energy Settlement Agreement, the Ute Energy Settlement Agreement or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence relating to the Debtor taking place on or before the Effective Date.

F. Injunction

Confirmation of the Plan and entry of the Confirmation Order shall effect an injunction as follows:

1. Scope of Injunction

Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that hold a Claim are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor, the Plan Administrator, or any present and former directors, officers, trustees, agents, attorneys, advisors, partners, or employees of the Debtor, the Reorganized Debtor, or the Plan Administrator, or any of their respective successors or assigns, or any of their respective assets or properties, on account of any Claim: (i) commencing or continuing in any manner any action or other proceeding with respect to a Claim or based upon a theory which arises out of such holder's Claim; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order with respect to a Claim; (iii) creating, perfecting, or enforcing any Lien or encumbrance with respect to a Claim; (iv) asserting a setoff, right of subrogation, or recoupment of any kind with respect to a Claim, the Assets, or other property of the Estate; and (v) commencing or continuing any action that does not comply with or is inconsistent with the Plan. Nothing shall preclude the holder of a Claim from pursuing any applicable insurance after the Chapter 11 Case is closed, from seeking discovery in actions against third parties, or from pursuing third-party insurance that does not cover Claims against the Debtor. For the avoidance of doubt, nothing in this injunction shall limit the rights of a holder of a Claim to enforce the terms of the Plan.

2. Cause of Action Injunction

On and after the Effective Date, all Persons other than the Plan Administrator will be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) on account of, or respecting any claim, debt, right, or Cause of Action that the Plan Administrator retains authority to pursue in accordance with the Plan.

G. Exculpation

Except as otherwise set forth in the Plan, neither the Debtor, nor any Released Party, nor any of their respective current or former partners, directors, officers, trustees, employees, agents (acting in such capacity), advisors, attorneys, nor representatives of any professional employed by any of them shall have or incur any liability to any Person or entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, the POCI Settlement, the Eastern Uintah Basin Sale Transaction, the Eastern Uintah Basin Sale Order, the North Dakota Sale Transaction, the North Dakota Sale Order, the Western Uintah Basin Sale Transaction, Western Uintah Basin Sale Order, the EP Energy Settlement Agreement, the QEP Energy Settlement Agreement, the Ute Energy Settlement or any contract, release, or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the Plan, the administration of the Plan or property to be distributed pursuant to the Plan, the Eastern Uintah Basin Sale Transaction, the North Dakota Sale Transaction, the Western Uintah Basin Sale Transaction, the Arbitration, the EP Energy Settlement Agreement, the QEP Energy Settlement Agreement, the Ute Energy Settlement and actions taken or omitted to be taken in connection with the Chapter 11 Case or the operations, monitoring, or administration of the Debtor during the Chapter 11 Case.

H. Preservation of Insurance

The provisions of the Plan shall not diminish or impair in any manner the enforceability of coverage of any insurance policies (and any agreements, documents, or instruments relating thereto) that may cover Claims against the Debtor, any directors, trustees, or officers of the Debtor, or any other Person, including, without limitation, insurance for the Debtor's directors and officers.

I. Setoff

Except as otherwise provided in the Plan, nothing contained in the Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any Person.

J. Compromise of Controversies

Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan, including, without limitation, all Claims arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to, or in connection with the business or affairs of or transactions with the Debtor. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate, creditors, and other parties in interest, and are fair, equitable, and within the range of reasonableness.

K. Post-Confirmation Activity

As of the Effective Date, the Plan Administrator shall conclude the implementation of the Plan and winding down of the Debtor's affairs without supervision of the Bankruptcy Court, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the foregoing, the Plan Administrator shall pay any charges he incurs for taxes, professional fees, disbursements, expenses, or related support services after the Effective Date in accordance with the Wind Down Budget and to the extent funds are available in the Estate without application to and approval of the Bankruptcy Court.

IX. EXECUTORY CONTRACTS

A. Executory Contracts and Leases

On the Effective Date, all executory contracts and unexpired leases to which the Debtor is a party shall be deemed rejected by the Confirmation Order, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court entered before the Effective Date or (ii) that is the subject of a separate motion to assume or reject filed under Section 365 of the Bankruptcy Code by the Debtor before the Effective Date. Any claim for damage resulting from contract or lease rejection must be filed with the Court and served on the Plan Administrator by no later than 30 days after the Confirmation Date.

B. Rejection Damages Bar Date

If rejection by the Debtor, pursuant to the Plan, of an executory contract or unexpired lease, results in a Claim for damages to the other party or parties to such contract or lease, any Claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Estate, or its properties or agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served on the Plan Administrator on or before thirty (30) days following the Confirmation Date. Unless otherwise ordered by the Bankruptcy Court or provided in the Plan, all such Claims for which proofs of claim are timely filed will be treated as General Unsecured Claims subject to the provisions of the Plan. The Plan Administrator shall have the right to object, settle and/or compromise any such rejection damage claims filed in accordance with this Section.

X. CONDITIONS TO CONFIRMATION

A. Conditions to Confirmation

The Plan may not be confirmed unless the Confirmation Order is entered in a form reasonably acceptable to the Plan Proponent and the First Lien Agent on behalf of the First Lien Lenders.

B. Conditions to Occurrence of the Effective Date

The Plan shall not become effective, and the Effective Date shall not occur, unless and until the following conditions shall have been satisfied or waived:

i. the Confirmation Order, in form and substance reasonably acceptable to the Debtor and the First Lien Agent, shall have been entered by the Bankruptcy Court and shall have become a Final Order;

ii. all actions, other documents and agreements necessary to implement the Plan shall have been executed, delivered and, if necessary, properly recorded, and shall have become effective;

iii. the Estate shall have sufficient Cash to meet all Cash funding obligations under the Plan required to be made on the Effective Date;

iv. no outstanding amounts exist under the DIP Credit Agreement and the DIP Credit Agreement is terminated; and

v. the TSA shall have been terminated.

C. Failure of Conditions Precedent

Notwithstanding anything in the Plan to the contrary, the conditions set forth in Section 9.2 of the Plan must be satisfied or waived on or before January 7, 2019. In the event that the conditions set forth in Section 9.2 of the Plan are not satisfied or waived on or before January 7, 2019, then the Plan shall be deemed revoked and withdrawn, the Confirmation Order shall be deemed vacated, and Section 12.5 of the Plan shall apply.

D. Waiver of Conditions

With the written consent of the First Lien Agent, the Debtor may waive one or more of the conditions precedent to the effectiveness of the Plan set forth in Section 9.2 of the Plan, except that the Debtor may not waive the requirement that the Estate will have sufficient Cash to meet all payment and funding obligations under the Plan on the Effective Date.

XI. CONFIRMATION OF PLAN - REQUIREMENTS

In order for the Plan to be confirmed, the Bankruptcy Code requires, among other things, that the Plan be proposed in good faith, that the Debtor disclose specified information concerning payments made or promised to insiders, and that the Plan comply with the applicable provisions of Chapter 11 of the Bankruptcy Code. Section 1129(a) of the Bankruptcy Code also requires that at least one Class of Claims has accepted the Plan, that Confirmation of the Plan is not likely to be followed by the need for further financial reorganization, and that the Plan be fair and equitable with respect to each Class of Claims or Interests which is impaired under the Plan.

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as (a) the plan otherwise satisfies the requirements for confirmation, (b) at least one impaired class of claims has accepted the plan without taking into consideration the votes of any insiders in such class and (c) the plan is “fair and equitable” and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. These so-called "cramdown" provisions are set forth in Bankruptcy Code § 1129(b).

Here, there are three (3) impaired classes and only Class 1 is receiving a distribution. The other three classes (Class 2 – Class 4) are not receiving a distribution and are deemed to reject the Plan. So long as Class 1 votes to accept the Plan, the Bankruptcy Court may confirm the Plan under the "cram down" provisions of Section 1129(b) of the Bankruptcy Code if all of the other provisions of Section 1129(a) of the Bankruptcy Code are met.

The Bankruptcy Court must also find that, as to each impaired Class 2 through Class 4, the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Class. Generally, the Plan does not "discriminate unfairly" within the meaning of the Bankruptcy Code if the dissenting Class will receive value relatively equal to the value given to all other similarly situated Classes. The Plan is "fair and equitable" within the meaning of the Bankruptcy Code if no Class receives more than it is legally entitled to receive for its Claims or Equity Interests.

Under the Plan, no holder in a Class of Claims is to receive Cash or other property in excess of the full amount of its Allowed Claim. Moreover, no Claim that is junior to Class 1 - First Lien Lender Claims will receive any Distribution under the Plan until such Claims are paid in full, and Equity Interests will not receive any Distribution under the Plan.

Accordingly, the Debtor believes that the Plan does not discriminate unfairly as to any impaired Class of Claims or Equity Interests and is fair and equitable with respect to each such Class under Section 1129(b) of the Bankruptcy Code.

A. Feasibility

With respect to the so-called "feasibility" test (i.e., that the Plan is not likely to be followed by the need for further financial reorganization), the Plan provides for an orderly liquidation of the remaining Estate Assets and the Debtor believes that it will be able to consummate the Plan fully.

B. Best Interest of Creditors Test; Liquidation Analysis [4]

Under the best interest of creditors test, the Plan is confirmable if, with respect to each impaired Class of Claims or Interests, each holder of an Allowed Claim or Allowed Equity Interest in such Class has either (i) accepted the Plan, or (ii) receives or retains under the Plan, on account of its Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code.

To determine what the holders of each Class of Claims or Interests would receive if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court generally determines whether the amount that would be generated from the liquidation of the

[4] A schedule providing financial details and notes regarding the Debtor's liquidation analysis will be submitted as part of the Plan Supplement.

Debtor's assets in a Chapter 7 liquidation case would be greater than under the Plan. The amount that would be available for satisfaction of the Allowed Claims and Equity Interests of the Debtor in a Chapter 7 liquidation would consist of the proceeds resulting from the disposition of the Assets of the Debtor augmented by the Cash held by the Debtor at the time of the commencement of the Chapter 7 case. Such amounts would be reduced by the costs and expenses of the liquidation and by such additional Administrative Claims and other priority Claims that might result from the Chapter 7 case.

The costs of liquidation under Chapter 7 would include the fees and expenses payable to the Chapter 7 trustee appointed in the case, as well as those fees and expenses that might be payable to other professionals employed by the trustee. Costs of administration in the liquidation case would also include any unpaid expenses incurred by the Debtor during the Bankruptcy Case, such as compensation for Professionals.

Under Chapter 7, a secured creditor whose claim is fully secured by value in the collateral would be entitled to full payment, including interest, from the proceeds of the sale of its collateral. Unless its claim is nonrecourse, a secured creditor whose collateral is insufficient to pay its claim in full would be entitled to assert an unsecured claim for its deficiency. Claims entitled to priority under the Bankruptcy Code (including administrative expense claims, priority tax claims, and other priority claims) would be paid in full before any distribution to general unsecured creditors. Funds, if any, remaining after payment of secured claims and priority claims would be distributed pro rata to general unsecured creditors. If subordination agreements existed and were enforced, senior creditors would be entitled to be paid in full before any distribution to subordinated creditors.

The Bankruptcy Court has already determined, in connection with the challenge period set forth in the DIP Order, that the First Lien Lenders hold valid, first-priority liens against virtually all of the Debtor's property. Specifically, the Debtor's only unencumbered assets are Avoidance Actions.[5]

As more fully set forth on the liquidation analysis, which will be submitted as part of the Plan Supplement, the Debtor, with the assistance of its Professionals, conducted an analysis of potential Avoidance Actions and determined that they simply do not exist in this Bankruptcy Case.

The Debtor believes that a Chapter 7 trustee and his or her new professionals would require significant start-up time and incur significant administrative expenses to become as familiar with the Debtor's remaining Assets, Claims asserted against the Debtor, and claims and other Causes of Action belonging to the Debtor as the Debtor and its professionals now are. Moreover, the Debtor believes that a Chapter 7 Trustee would ultimately reach the same conclusion that the Debtor already has reached; namely, after applying the net proceeds of the sales of Assets to the First Lien Lenders' claims, there will be no funds remaining for other junior classes of Claims. Also, there would likely be no funds available to a Chapter 7 Trustee to

[5] Under the Bankruptcy Code, the debtor-in-possession or a bankruptcy trustee has the right to bring various causes of action arising under Sections 502, 510, 541, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code. These causes of action are commonly referred to as avoidance or claw back actions.

administer the Estate, since the only funds available to the Debtor at this point are funds arising from the First Lien Lenders' cash collateral and, only upon confirmation of the Plan, funds from the POCI Contribution, neither of which would be available to a Chapter 7 Trustee. Accordingly, the Debtor believes liquidation under the Plan will likely be more prompt, more efficient, and less costly than under Chapter 7.

To determine if the Plan, as proposed, is in the best interests of Creditors and holders of Interests, the present value of the Distribution likely to be made to each Class in a liquidating case are compared with the present value of the Distribution to each impaired Class provided for by the Plan. In this case, Distributions to Classes 2 through 4 are projected to be zero under either the Plan or in a Chapter 7 liquidation.

In applying the best interest test, it is possible that Claims in a Chapter 7 case may not be classified in the same manner as provided for by the Plan. Priorities and order of distribution of Estate Assets are established by the applicable provisions of Chapter 7. Under those provisions, each Class of Claims is paid in a descending order of priority. No junior Classes of Claims are paid until all senior Classes have received payment in full. In the event that available Assets are insufficient to pay all members of such Class in full, then each member of the Class shares on a Pro Rata basis.

The Debtor believes that the primary advantages of the Plan over a Chapter 7 liquidation is that Creditors will not receive any less under the Plan than they would in a Chapter 7 case, but those Creditors receiving Distributions (i.e., Class 1 Creditors) will receive their Distributions earlier. Costs would increase by the amount of the additional administrative expenses likely to be incurred in such Chapter 7 case, including the costs of time-consuming investigations and discovery. Because the Plan contemplates that (i) the Bankruptcy Court's involvement will diminish substantially after the Effective Date, and (ii) the process of other Claims resolution will proceed without the necessity for additional investigation by a Chapter 7 trustee and its separate and new professionals, the Plan offers the opportunity to avoid additional administrative costs and the resulting delay which would result from a Chapter 7 liquidation. The Debtor therefore believes that the Plan will result in lower total administrative costs, and potentially higher recoveries for Class 1 Creditors and the same recoveries for other Creditors than would the liquidation of the Assets under Chapter 7 of the Bankruptcy Code.

Thus, the Debtor believes the Plan satisfies the "best interests of creditors test," and, indeed, that the Plan is in the best interests of Creditors.

XII. OTHER CONSIDERATIONS

The Plan provides an efficient method for liquidating and paying the First Lien Agent the value of the remaining net assets of the Estate, winding down the Estate, and closing the Chapter 11 Case. Because there are insufficient funds to pay in full the secured claims of the First Lien Lenders, the Plan does not provide for payments to any holders of Allowed Claims in classes below Class 1. Because holders of Claims and Equity Interests in Classes 2, 3, and 4 would not be entitled to receive any distributions from the Estate if the Chapter 11 Case were to be converted to a case under Chapter 7 of the Bankruptcy Code, the Plan treats all creditors and equity holders the same (i.e., no worse) than they would be treated in a Chapter 7 liquidation. Further, the Debtor believes that the Plan is feasible and likely to result in less delay than likely alternatives. If the Plan is not confirmed, the most likely alternatives would include: (a) the structured dismissal of the Chapter 11 Case; (b) continuation of the Chapter 11 Case until an alternative plan of liquidation could be confirmed; or (c) conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code and liquidation of the Debtor by a Chapter 7 trustee. The Debtor sees no benefit to any of the alternatives, because they will only result in further delay, increased costs to the Estate, and greater uncertainty for all parties in interest.

A. Continuation of the Bankruptcy Case

If the Debtor were to continue to administer the Chapter 11 Case without the benefit of a confirmed plan of liquidation, the Debtor believes that creditor recoveries might be eroded as a result of greater uncertainty with possible dismissal of the Chapter 11 Case, potentially higher professional fees, and unforeseeable future events or claims that could arise. In addition, it is likely that the First Lien Lenders would be delayed in receiving the final distributions and proceeds of the Estate's assets to which they are entitled.

B. Alternative Plans of Reorganization

If the Plan is not confirmed, another party in interest in the Bankruptcy Case could attempt to formulate and propose a different plan or plans. Such plans might, theoretically, suggest a reorganization and continuation of the Debtor's business-but having sold substantially all of its assets already, the Debtor has no ongoing business to reorganize and so it appears that the only feasible Chapter 11 plan would be a plan of liquidation similar to the Plan described by this Disclosure Statement. To date, the Debtor has not received any concrete suggestions for alternate plans. Moreover, there is no guarantee that any other proposed plan of liquidation would provide for sufficient funds to allow a Plan Administrator to administer the remaining Estate and bring about closure of the Chapter 11 Case.

C. Risk Factors

There are a few risks associated with the Plan process. Among other potential risks, there is a risk that the Plan will not be confirmed and a risk that if confirmed the Plan will not be consummated. In particular, risks include but are not limited to the following: (i) the First Lien Lenders might vote to reject the Plan; and (ii) administrative expenses, including but not limited to professional fees and costs, could exceed the estimates of the Debtor and the First Lien Agent, as expressed in the Wind Down Budget. In addition, there are certain risks inherent in the Chapter 11 process. If certain standards set forth in the Bankruptcy Code are not met, the Bankruptcy Court will not confirm the Plan even if creditors accept the Plan. Although the Debtor believes that the Plan meets the statutory standards, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court determines that such requirements are not met, it could require the Debtor to resolicit acceptances of the Plan, which could delay and/or jeopardize confirmation of the Plan. The Debtor believes that the solicitation of votes on the Plan will comply with Section 1126(b) of the Bankruptcy Code and anticipates that the Bankruptcy Court will confirm the Plan. However, the Debtor can provide no assurance that modifications of the Plan will not be required to obtain confirmation of the Plan, or that such modifications will not require a re-solicitation of acceptances. The Debtor intends that the Plan Administrator will make final distributions and obtain a final decree closing the Chapter 11 Case within a reasonable time after entry of an Order confirming the Plan. In the event of any default of the provisions of the Plan, parties in interest are directed to comply with Section 12.1 of the Plan for their remedies in the event of such default pursuant to the Plan.

XIII. RETENTION OF JURISDICTION

After the Effective Date, the Bankruptcy Court shall have exclusive jurisdiction of the following specified matters arising out of, and related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code:

(i) to hear and determine any and all objections to the allowance of any Claims or any controversies as to the classification of any Claims or estimate any Disputed Claim;

(ii) to hear and determine any and all applications by Professionals for compensation and reimbursement of expenses;

(iii) to hear and determine any and all pending applications for the rejection or assumption of executory contracts and unexpired leases, and fix and allow any Claims resulting therefrom;

(iv) to enforce the provisions of the Plan subject to the terms thereof;

(v) to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purpose and the intent of the Plan;

(vi) to determine any Claim or liability to a Governmental Unit which may be asserted as a result of the transactions contemplated herein;

(vii) to hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

(viii) to enforce the DIP Order;

(ix) to enforce the Cash Collateral Stipulations;

(x) to enforce the Western Uinta Basin Sale Agreement and the Western Uinta Basin Sale Order; and

(xi) to determine such other matters as may be provided for in the Confirmation Order.

XIV. CERTAIN TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain of the important federal income tax consequences of the transactions described herein and in the Plan. This discussion is for informational purposes only and does not constitute tax advice. This summary is based upon the Internal Revenue Code and the U.S. Treasury Regulations promulgated thereunder, including judicial authority and current administrative rulings and practice. Neither the impact on foreign holders of claims and equity interests nor the tax consequences of these transactions under state and local law is discussed. Also, special tax considerations not discussed herein may be applicable to certain classes of taxpayers, such as financial institutions, broker-dealers, life insurance companies and tax-exempt organizations. Furthermore, due to the complexity of the transactions contemplated in the Plan, and the unsettled status of many of the tax issues involved, the tax consequences described below are subject to significant uncertainties. No opinion of counsel has been obtained and no ruling has been requested from the Internal Revenue Service ("IRS") on these or any other tax issues. There can be no assurance that the IRS will not challenge any or all of the tax consequences of the Plan, or that such a challenge, if asserted, would not be sustained. **HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR ARE THEREFORE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.**

To ensure compliance with requirements imposed by the IRS in Circular 230, we inform you that, unless we expressly state otherwise in this communication (including any attachments), any tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or other matter addressed.

B. Tax Consequences to the Debtor

The Debtor does not anticipate that confirmation of the Plan will result in the Debtor being assessed or owing any federal income tax. The Debtor does not anticipate any tax liability resulting from the sales of its assets; however, any such tax liability may be an administrative expense of the Estate.

C. Tax Consequences to Creditors

In General. The federal income tax consequences of the implementation of the Plan to a holder of a Claim or Equity Interest will depend, among other things, on: (a) whether such holder's Claim or Equity Interest constitutes a debt or security for federal income tax purposes, (b) whether the holder receives consideration in more than one tax year, (c) whether the holder is a resident of the United States, (d) whether all the consideration by the holder is deemed received by that holder as part of an integrated transaction, (e) whether the holder reports income using the accrual or cash method of accounting, and (f) whether the holder has previously taken a bad debt deduction or worthless security deduction with respect to the Claim or Equity Interest.

Gain or Loss on Exchange. Generally, a holder of an Allowed Claim will realize a gain or loss on the exchange under the Plan of its Allowed Claim for cash and other property in an amount equal to the difference between (i) the sum of the amount of any cash and the fair market value on the date of the exchange of any other property received by the holder (other than any consideration attributable to accrued but unpaid interest on the Allowed Claim), and (ii) the adjusted basis of the Allowed Claim exchanged therefor (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). Any gain recognized generally will be a capital gain (except to the extent the gain is attributable to accrued but unpaid interest or accrued market discount, as described below) if the Claim was a capital asset in the hand of an exchanging holder, and such gain would be a long-term capital gain if the holder's holding period for the Claim surrendered exceeded one (1) year at the time of the exchange.

Any loss recognized by a holder of an Allowed Claim or equity interest will be a capital loss if the Claim or interest constitutes a "security" for federal income tax purposes or is otherwise held as a capital asset. For this purpose, a "security" is a debt instrument with interest coupons or in registered form.

D. Information Reporting and Backup Withholding

Under the backup withholding rules of the Internal Revenue Code, holders of Claims may be subject to backup withholding at the rate of 28 percent with respect to payments made pursuant to the Plan unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a correct taxpayer identification number and certifies under penalties of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividends and interest income. Any amount withheld under these rules will be credited against the holder's federal income tax liability. Holders of Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

E. Importance of Obtaining Professional Assistance

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH HIS OR HER OWN TAX ADVISOR REGARDING SUCH TAX CONSEQUENCES.

XV. MISCELLANEOUS PROVISIONS

A. Payment of Statutory Fees

All fees payable pursuant to Section 1930 of Title 28 of the United States Code, as determined by the Bankruptcy Court at the Combined Hearing, shall be paid by the Debtor on or before the Effective Date.

B. No Discharge

The Debtor will not receive a discharge under the Plan in accordance with Section 1141 of the Bankruptcy Code.

C. Headings

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

D. Governing Law

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Utah, without giving effect to the principles of conflicts of law of such jurisdiction.

E. Confirmation Order and Plan Control

To the extent the Confirmation Order and/or the Plan is inconsistent with the Disclosure Statement or any other agreement entered into between the Debtor and any third party, the Plan controls the Disclosure Statement and any such agreements and the Confirmation Order controls the Plan.

F. Amendment or Modification of the Plan

Upon written consent of the First Lien Agent, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time prior to the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with Sections 1125 and 1127 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time before or after the Confirmation Date and before substantial consummation, provided that the Plan, as altered, amended or modified, satisfies the requirements of Sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under Section 1129 of the Bankruptcy Code. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder. The Debtor may, without notice to holders of Claims insofar as it does not materially and adversely affect the interests of any such holders, correct any defect or omission in the Plan and any exhibit hereto.

G. Notice of Entry of Confirmation Order

Promptly upon entry of the Confirmation Order, the Debtor shall publish as directed by the Bankruptcy Court and serve on all known parties in interest and holders of Claims and Interests, notice of the entry of the Confirmation Order and all relevant deadlines and dates under the Plan, including, but not limited to, the deadline for filing Administrative Claims, and the deadline for filing rejection damages Claims.

H. Confirmability

The Debtor reserves the right, upon written consent of the First Lien Agent, to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained in the Plan shall constitute or be deemed a waiver or release of any Claims by or against the Estate or any other Person or to prejudice in any manner the rights of the Debtor or any Person in any further proceedings involving the Estate.

I. Severability

If, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court may, upon the request of the Debtor, alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alternation or interpretation. The Confirmation Order shall constitute a judicial determination that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable according to its terms

XVI. RECOMMENDATION

The Debtor believes that the Plan provides for the fair and equitable treatment to Creditors and therefore recommends that Creditors who are entitled to vote should vote to accept the Plan.

Dated this 26th day of October, 2018.

Cohne Kinghorn, P.C.

/s/ George Hofmann
George B. Hofmann
Patrick E. Johnson
Attorneys for III Exploration II LP

III Exploration II LP
By: Petroglyph Energy, Inc., its general partner

/s/ Paul Powell
By: Paul Powell
Its: President

Exhibit A

Debtor's Chapter 11 Plan of Liquidation Dated October 26, 2018

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III Exploration II LP

**IN THE UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH, CENTRAL DIVISION**

In re III EXPLORATION II LP, Debtor.	Bankruptcy No. 16-26471 (RKM) Chapter 11

**AMENDED PLAN OF LIQUIDATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

Dated: October 26, 2018

III Exploration II LP, debtor and debtor in possession, hereby proposes the following plan of liquidation under Section 1121 of the Bankruptcy Code (defined below).

ARTICLE I

INTRODUCTION

This Plan (as this and other capitalized terms not otherwise defined in this Article I are defined in Article II below) is proposed by and on behalf of the Debtor under Chapter 11 of the Bankruptcy Code. Reference is made to the Disclosure Statement accompanying the Plan for a discussion of the Debtor's history, historical financial information, assets, and for a summary and analysis of the Plan. All holders of Claims (as defined below) against the Debtor are encouraged to read the Plan and Disclosure Statement in their entirety before voting to accept or reject the Plan.

The Debtor previously determined, in the discharge of its statutory fiduciary duties under the Bankruptcy Code, that the sale of substantially all of the Debtor's assets pursuant to Section 363 of the Bankruptcy Code or otherwise and the distribution of the sale proceeds pursuant to a Chapter 11 plan is in the best interests of the Debtor, its creditors, and the Estate. Accordingly, the Debtor has sold substantially all of its assets to unrelated third parties pursuant to various Bankruptcy Court orders and this Plan proposes to distribute the cash proceeds thereof and all remaining assets of the Debtor to creditors pursuant to the priorities set forth in the Bankruptcy Code and to wind up the Debtor's Estate. The execution and consummation of this Plan will be facilitated through the establishment of the Plan Administrator in accordance with Section 1123 of the Bankruptcy Code to, among other things, resolve and compromise Claims and distribute the Debtor's remaining assets pursuant to this Plan.

ARTICLE II

DEFINITIONS AND CONSTRUCTION OF TERMS

For purposes of this Plan, the following terms shall have the meanings specified in this Article II. A term used but not defined herein but which is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. Wherever from the context it appears appropriate, each term stated shall include both the singular and the plural, and pronouns shall include the masculine, feminine and neuter, regardless of how stated. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, sub-section or clause contained in the Plan. The word "or" is not exclusive, and the word "including" (in all of its forms) means "including without limitation". The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the terms of the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

"Administrative Claim" shall mean any Claim under Sections 503(b) and 507(a)(2) of the Bankruptcy Code, including: (a) the actual, necessary costs and expenses incurred by the Debtor after the Petition Date of preserving the Estate or operating the Debtor's business; (b) Professional Fee Claims; (c) U.S. Trustee Fees; and (d) any Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court.

"Administrative Claims Fund" shall mean a fund to be established by the Debtor on the Effective Date, and administered thereafter by the Plan Administrator, in an amount set forth in the Wind Down Budget sufficient to pay Allowed Administrative Claims (including Allowed Professional Fee Claims) and Allowed Priority Tax Claims.

"Allowed" with reference to any Claim, shall mean the extent to which a Claim: (a) is not disallowed or expunged by stipulation or Final Order of the Bankruptcy Court; (b) is not objected to within the period fixed by the Plan or established by the Bankruptcy Court, if the Claim (i) was scheduled by the Debtor pursuant to the Bankruptcy Code and the Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated, or disputed, or (ii) was timely filed (or deemed timely filed) pursuant to the Bankruptcy Code, the Bankruptcy Rules, or any applicable orders of the Bankruptcy Court; (c) for which an objection has been filed, but such objection has been withdrawn or determined by a Final Order (but only to the extent such Claim has been allowed); (d) is determined to be valid by the Plan Administrator; (e) is a First Lien Lender Claim; (f) is a Second Lien Lender Claim; or (g) is otherwise allowed by Final Order, including the Confirmation Order, after notice and a hearing. A Claim for which a proof of claim is not timely filed (or not deemed timely filed) shall not be Allowed for purposes of distribution under the Plan.

"Approved Settlement Agreements" has the meaning provided in Section 10.1 of the Plan.

"Arbitration" means the arbitration proceeding as set forth in the Western Uintah Basin Sale Agreement by and between the Debtor and Crescent Point and as approved by the Western Uintah Basin Sale Order.

"Assets" shall mean all the Debtor's assets of any nature whatsoever, including all property of the Estate pursuant to Section 541 of the Bankruptcy Code, Cash (including the POCI Contribution), Causes of Action, accounts receivable, tax refunds, claims of right, interests and property, real and personal, tangible and intangible, and proceeds from all of the foregoing.

"Available Cash" shall mean, as of any given Distribution Date, all of the Debtor's Cash, less the remaining balances in the Expense Reserve and the Administrative Claims Fund.

"Avoidance Actions" shall mean Causes of Action arising or held by the Estate under Sections 502, 510, 541, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy

Code, or under related state or federal statutes and common law, including fraudulent transfer laws.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Case.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Utah in which the Chapter 11 Case is pending and, to the extent of any reference under 28 U.S.C. § 157, the unit of the United States District Court for the District of Utah specified pursuant to 28 U.S.C. § 151.

"Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure as promulgated under 28 U.S.C. § 2075, and any local rules of the Bankruptcy Court.

"Bar Date" shall mean: (a) November 29, 2016 with respect to a Claim against the Estate other than a Claim of a Governmental Unit; (b) January 23, 2017 with respect to a Claim against the Estate of a Governmental Unit; and (c) such other date(s) as may be established by the Bankruptcy Court as the last date for filing proofs of claim or request for allowance of Administrative Claims, as applicable, against the Debtor.

"Business Day" shall mean any day other than a Saturday, Sunday or "legal holiday" as such term is defined in Bankruptcy Rule 9006(a).

"Cash" shall mean lawful currency of the United States of America (including wire transfers, cashier's checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders).

"Cash Collateral Stipulations" shall mean the stipulations extending the Debtor's use of cash collateral entered at Docket Nos. 484, 494, and 506.

"Causes of Action" shall mean, without limitation, any and all actions, causes of action, defenses, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims or proceedings to recover money or property and demands of any nature whatsoever, whether known or unknown, in law, equity or otherwise, including Avoidance Actions.

"Chapter 11 Case" shall mean the case commenced under Chapter 11 of the Bankruptcy Code by the Debtor, currently referenced as *In re III Exploration II LP*, Chapter 11 Case No. 16-26471 (RKM), currently pending before the Bankruptcy Court.

"Claim" shall mean a "claim," as defined in Section 101(5) of the Bankruptcy Code, against the Debtor, whether or not asserted, whether or not the facts or legal bases therefor are known or unknown, and specifically including, without express or implied limitation, any rights under Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, any claim of a derivative nature, any potential or unmatured contract claims, and any other contingent claim or Causes of Action.

"Class" shall mean those classes designated in Article IV of the Plan.

"Collateral" shall mean any property or interest in property of the Estate subject to an unavoidable Lien to secure the payment or performance of a Claim.

"Confirmation Date" shall mean the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket in the Chapter 11 Case.

"Confirmation Hearing" shall mean the hearing or hearings conducted by the Bankruptcy Court to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

"Confirmation Order" shall mean the order(s) of the Bankruptcy Court confirming the Plan pursuant to the applicable provisions of the Bankruptcy Code.

"Contingent or Unliquidated Claim" shall mean any Claim for which a proof of claim has been filed with the Bankruptcy Court but which was not filed in a sum certain, or which has not occurred and is dependent upon a future event that has not occurred or may never occur, and which has not been Allowed.

"Crescent Point" means Crescent Point Energy U.S. Corp., the Buyer under the Western Uintah Basin Sale Agreement.

"Debtor" shall mean III Exploration II LP, an Idaho limited partnership.

"DIP Agent" shall mean Wilmington Trust, National Association, as administrative agent and collateral agent under the DIP Credit Agreement.

"DIP Credit Agreement" shall mean the Post-Petition Superpriority Credit Agreement, dated as of September 1, 2016 by and among the Debtor, the DIP Agent and the DIP Lenders (as the same may be amended, restated, supplemented, or otherwise modified from time to time).

"DIP Lenders" shall mean the Lenders pursuant to and as defined in the DIP Credit Agreement.

"DIP Order" shall mean the Final Order (a) Authorizing Debtor to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (b) Authorizing the use of Cash Collateral Pursuant to Section 363 of the Bankruptcy Code, (c) Authorizing the Debtor to Enter Into New Lender Party Swap Agreements, Pledge Collateral, and Honor Obligations Thereunder, (d) Granting Adequate Protection to the Pre-Petition Lenders Pursuant to Sections 361, 362, 363 and 364 of the Bankruptcy Code, (e) Granting Liens and Superpriority Claims and (f) Modifying Automatic Stay [Dkt. No. 89], as restated, supplemented, amended, or otherwise modified from time to time, including those orders modifying the DIP Credit Agreement entered at Docket Nos. 225, 293 and 367.

"Disclosure Statement" shall mean the disclosure statement relating to the Plan, including all exhibits and schedules thereto, in the form approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

"Disputed Claim" shall mean a Claim that is neither an Allowed Claim nor a disallowed Claim, and is any Claim, proof of which was filed, or an Administrative Claim or other unclassified Claim, which is the subject of a dispute under the Plan or as to which Claim or Administrative Claim the Debtor or the Plan Administrator has interposed a timely objection and/or a request for estimation in accordance with Section 502(c) of the Bankruptcy Code or other applicable law, which dispute has not been withdrawn or determined by Final Order, and any Claim, proof of which was required to be filed by order of the Bankruptcy Court, but as to which a proof of claim was not timely or properly filed (or deemed timely or properly filed).

"Disputed Claim Amount" shall mean the amount set forth in the proof of claim relating to a Disputed Claim or an amount estimated pursuant to an order of the Bankruptcy Court in respect of a Disputed Claim in accordance with Section 502(c) of the Bankruptcy Code.

"Distribution" shall mean the distribution to holders of Allowed Claims in accordance with the Plan of any Assets, or other consideration distributed under Article IV herein.

"Distribution Date" shall mean any date on which the Plan Administrator determines that a Distribution, under or in accordance with the Plan, should be made to holders of Allowed Claims (or to a particular holder of an Allowed Claim) in light of, for example, resolutions of Disputed Claims, liquidation of Assets, and the administrative costs of such a Distribution.

"Eastern Uintah Basin Sale Agreement" shall mean that certain Purchase and Sale Agreement, dated November 23, 2016, between the Debtor and Crescent Point Energy U.S. Corp. (as amended, supplemented or modified).

"Eastern Uintah Basin Sale Order" shall mean the order of the Bankruptcy Court approving the Eastern Uintah Basin Sale Transaction [Dkt. No. 303].

"Eastern Uintah Basin Sale Transaction" shall mean the transaction between the Debtor and Crescent Point as set forth in the Eastern Uintah Basin Sale Agreement as approved pursuant to the Eastern Uintah Basin Sale Order.

"Effective Date" shall mean a Business Day, selected by the Plan Proponent, on which all conditions to the Effective Date have been satisfied or, if permitted, waived by the Plan Proponent, and on which no stay of the Confirmation Order shall be pending.

"EP Energy Settlement" shall mean that certain Settlement Agreement by and between EP Energy, Inc. and the Debtor dated March 8, 2017, and approved by the Bankruptcy Court on March 23, 2017 [Dkt. No. 333].

"Estate" shall mean the estate created in the Chapter 11 Case pursuant to Section 541 of the Bankruptcy Code.

"Expense Reserve" shall mean a reserve to be established by the Debtor on the Effective Date to be utilized by the Plan Administrator in accordance with the Wind Down Budget to effectuate the liquidation and distribution of the remaining Assets hereunder in accordance with the Plan. The Expense Reserve shall include (i) the POCI Contribution, and (ii) the $50,000 authorized to be used pursuant to paragraph nine of the POCI Settlement.

"Equity Interest" shall mean any equity interest or proxy related thereto in the Debtor, and represented by duly authorized, validly issued, and outstanding shares of preferred stock or common stock, stock appreciation rights, membership interests, partnership interests, or any other instrument evidencing a present ownership interest, inchoate or otherwise, in the Debtor, or right to convert into such an equity interest or acquire any equity interest of the Debtor, whether or not transferable, or an option, warrant, or right, contractual or otherwise, to acquire any such interest, which was in existence prior to or on the Petition Date.

"Final Order" shall mean an order as to which the time to appeal, petition for *certiorari*, or move for a new trial or to alter or amend a judgment under Fed. R. Bankr. P. 9023 has expired and as to which no appeal or petition for *certiorari*, or other proceedings under Rule 9023 shall then be pending or as to which any right to appeal, petition for *certiorari*, or move for relief under Rule 9023 shall have been waived in writing or, in the event an appeal, writ of *certiorari*, or motion under Rule 9023 has been sought, such order shall have been affirmed by the highest court to which relief under Rule 9023 was sought, and the time to take any further appeal, petition for *certiorari*, or motion under Rule 9023 shall have expired.

"First Lien Agent" shall mean Wilmington Trust, National Association, as successor Administrative Agent under the First Lien Credit Agreement.

"First Lien Credit Agreement" shall mean the Credit Agreement, dated as of February 19, 2013, among the Debtor, the First Lien Lenders, Citibank N.A., as Syndication Agent, and the First Lien Agent, as successor agent to KeyBank National Association (as the same may be amended, restated, supplemented, or otherwise modified from time to time).

"First Lien Lender Claims" shall mean the Secured Claims arising under the Loan Documents as defined in the First Lien Credit Agreement.

"First Lien Lenders" shall mean the Lenders under and as defined in the First Lien Credit Agreement.

"First Pre-Petition Liens" shall mean the First Pre-Petition Liens as defined in the DIP Order.

"General Unsecured Claim" shall mean a Claim that is not an Administrative Claim, a Professional Fee Claim, a Priority Tax Claim, a Secured Claim, or a Priority Claim.

"Impaired" with respect to any Class of Claims or Equity Interests, means "impaired" within the meaning of Section 1124 of the Bankruptcy Code.

"Lien" shall mean any charge against, lien or security interest in, encumbrance upon, or other interest in property to secure payment of a debt or performance of an obligation.

"KeyBank" shall mean KeyBank National Association, a national banking association, solely in its capacity as First Lien Agent on and before March 18, 2016.

"North Dakota Sale Agreement" shall mean that certain Purchase and Sale Agreement, dated December 16, 2016, between the Debtor and Pivotal Williston Basin II, LP (as amended, supplemented or modified).

"North Dakota Sale Order" shall mean the order of the Bankruptcy Court approving the North Dakota Sale Transaction [Dkt. No. 240].

"North Dakota Sale Transaction" shall mean the transaction between the Debtor and Pivotal Williston Basin II, LP as set forth in the North Dakota Sale Agreement as approved pursuant to the North Dakota Sale Order.

"Person" shall mean any individual, corporation, partnership, limited liability company, limited partnership, joint venture, association, joint-stock company, trust, unincorporated association or organization, Governmental Unit or political subdivision thereof.

"Petition Date" shall mean July 26, 2016.

"Plan" shall mean this liquidating plan under Chapter 11 of the Bankruptcy Code, including, without limitation, the exhibits, supplements, appendices and schedules hereto, either in their present form or as the same may be altered, amended or modified from time to time.

"Plan Administrator**"** shall mean Michael E. Rich, retained as of the Effective Date pursuant to the Plan Administrator Agreement, as the officer with the fiduciary duties and responsibility for implementing the applicable provisions of the Plan relating to the wind down of the Debtor's affairs as expeditiously as reasonably possible.

"Plan Administrator Agreement" means an agreement, to be entered into as of the Effective Date, by the Reorganized Debtor and the Plan Administrator, which sets forth, among other things, the duties and compensation of the Plan Administrator.

"Plan Proponent" shall mean the Debtor.

"Plan Supplement" means the supplemental documents, schedules, and exhibits to the Plan, to be filed by the Debtor no later than the Plan Supplement Filing Date, containing substantially final forms of, among other things, a schedule of rejected executory contracts and unexpired leases, a list of retained Causes of Action, a list of expunged claims, the Plan Administrator Agreement and the Wind Down Budget. The Debtor or the Reorganized Debtor, as the case may be, shall have the right to amend all of the documents contained in, and exhibits to, the Plan Supplement through the Effective Date with the consent of the First Lien Agent.

"Plan Supplement Filing Date" shall mean the last date by which forms of the exhibits to the Plan shall be filed with the Bankruptcy Court, which date shall be not later than seven (7) days before the date of commencement of the Confirmation Hearing.

"POCI" shall mean the Debtor's affiliate Petroglyph Operating Company, Inc., a Kansas corporation.

"POCI Contribution" shall mean a $100,000 Cash payment to be transferred by POCI to the Reorganized Debtor on or before the Effective Date, which shall be utilized to facilitate the winding down of the Debtor's affairs in accordance with the Wind Down Budget.

"POCI Settlement" shall mean that certain Settlement Agreement by and between POCI and the Debtor and approved by the Bankruptcy Court. [Dkt. No. 466].

"Prepetition Claim" shall mean any Claim arising prior to the Petition Date.

"Pre-Petition Adequate Protection Replacement Liens" shall mean the Pre-Petition Adequate Protection Replacement Liens as defined in the DIP Order.

"Priority Claims" shall mean any Claim, if any, entitled to priority under Section 507(a) of the Bankruptcy Code other than (a) an Administrative Claim, or (b) a Priority Tax Claim.

"Priority Tax Claims" shall mean any Claim entitled to priority pursuant to Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

"Professional Fees" shall mean any unpaid fees and expenses of Professionals, as such fees and expenses are allowed by the Bankruptcy Court.

"Professional Fee Claim" shall mean a Claim for compensation, indemnification, or reimbursement of expenses pursuant to Sections 328, 330, 331, or 503(b) of the Bankruptcy Code in connection with the Chapter 11 Case incurred on or after the Petition Date and prior to the Effective Date.

"Professionals" shall mean the attorneys, accountants, financial advisors, and other professionals whose retention in the Chapter 11 Case has been approved by the Bankruptcy Court.

"QEP Settlement Agreement" shall mean that certain Settlement Agreement by and between QEP Energy, Inc., and the Debtor dated March 3, 2017, and approved by the Bankruptcy Court on March 23, 2017. [Dkt. No. 334].

"Released Party" shall mean each of the following in its capacity as such: (a) the Debtor; (b) the First Lien Agent and KeyBank (in its capacity as a first lien agent); (c) the First Lien Lenders; (d) the Second Lien Agent; (e) the Second Lien Lenders; (f) the DIP Agent; (g) the DIP Lenders; (h) POCI; and (i) with respect to each of the foregoing entities in clauses (a) through (h), such entity's current and former subsidiaries, predecessors, successors, assigns, heirs, agents, equity holders, principals, officers, directors, managers, principals, members, partners, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; and their current and former affiliates' subsidiaries, officers, directors, managers, principals, members, partners, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals.

"Reorganized Debtor" shall mean the Debtor on and after the Effective Date.

"Schedules" shall mean the schedules of assets and liabilities, the list of holders of interests and the statements of financial affairs filed by the Debtor under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such schedules, lists and statements have been or may be supplemented or amended from time to time.

"Second Lien Agent" shall mean KeyBank National Association, as the administrative agent under the Second Lien Credit Agreement.

"Second Lien Credit Agreement" shall mean the Second Lien Term Loan Agreement, dated as of February 19, 2013, among the Debtor, the Second Lien Lenders, Citibank N.A., as Syndication Agent, and the Second Lien Agent (as the same may be amended, restated, supplemented, or otherwise modified from time to time).

"Second Lien Lenders" shall mean the Lenders under and as defined in the Second Lien Credit Agreement.

"Second Lien Lender Claims" shall mean the Secured Claims arising under the Second Lien Credit Agreement.

"Secured Claim" shall mean a Claim that is secured by a Lien on any Asset of the Debtor, or right of setoff, which Lien or right of setoff, as the case may be, is valid, perfected, and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable nonbankruptcy law, but only to the extent of the value, pursuant to Section 506(a) of the Bankruptcy Code, of any interest of the holder of the Claim in property of the Estate securing such Claim.

"Transition Services Agreement" or "TSA" shall mean the Transition Services Agreement, dated July 26, 2016, by and between the Debtor and POCI (as amended by certain amendments and orders approved by the Bankruptcy Court).

"Ute Energy Settlement Agreement" shall mean that certain Settlement Agreement by and between Ute Energy, Inc. and the Debtor dated January 31, 2017, and approved by the Bankruptcy Court on February 28, 2017 [Dkt. No. 292].

"U.S. Trustee" shall mean the office of the United States Trustee for Region 19: District of Utah.

"U.S. Trustee Fees**"** shall mean all fees and charges assessed against the Estate by the U.S. Trustee and due pursuant to Section 1930 of title 28 of the United States Code.

"Voting Deadline**"** shall mean November 26, 2018 at 5:00 p.m., prevailing Mountain time.

"Western Uintah Basin Sale Agreement" shall mean that certain Purchase and Sale Agreement, dated February 10, 2017, between the Debtor and Crescent Point (as amended, supplemented or modified).

"Western Uintah Basin Sale Order" shall mean the order of the Bankruptcy Court approving the Western Uintah Basin Sale Transaction [Dkt. No. 303].

"Western Uintah Basin Sale Transaction" shall mean the transaction between the Debtor and Crescent Point as set forth in the Western Uintah Basin Sale Agreement as approved pursuant to the Western Uintah Basin Sale Order.

"Wind Down Budget" shall mean the wind down budget attached hereto as Exhibit "1" and incorporated herein by reference setting forth, among other things, the Administrative Claims Fund and Expense Reserve, pursuant to which the Plan Administrator shall effectuate the orderly wind-down of the Debtor's Estate in accordance with the Plan. For the avoidance of doubt, the First Lien Lenders' First Pre-Petition Liens and the Pre-Petition Adequate Protection Replacement Liens are deemed to attach to the Administrative Claims Fund and Expense Reserve.

ARTICLE III

TREATMENT OF ALLOWED ADMINISTRATIVE EXPENSE CLAIMS AND ALLOWED PRIORITY TAX CLAIMS

3.1 Non-Classification. As provided in Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified for the purposes of voting on, or receiving Distributions under, the Plan. All such Claims are instead treated separately in accordance with the terms in this Article III.**Treatment of Administrative Claims.**

(a) Allowance of Administrative Claims. An Administrative Claim is defined in the Plan and means, as set forth above, any Claim under Sections 503(b) and 507(a)(2) of the Bankruptcy Code including: (i) the actual and necessary postpetition costs and expenses incurred by the Debtor in preserving the Estate or operating its business, (ii) Allowed Claims pursuant to Section 503(b)(9) of the Bankruptcy Code, (iii) U.S. Trustee Fees, and (iv) any Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a final order of the Bankruptcy Court.

(b) Payment of Allowed Administrative Claims. Subject to the Bar Date and other provisions herein and except to the extent the Reorganized Debtor, or the Plan Administrator, as applicable, and the holder of an Allowed Administrative Claim agree to different and less favorable treatment, the Plan Administrator shall pay, in full satisfaction and release of such Claim, to each holder of an Allowed Administrative Claim, Cash, in an amount equal to such Allowed Administrative Claim in accordance with the Wind Down Budget, on the later of (i) the Effective Date, and (ii) the first Business Day after the date that is thirty (30) days after the date on which such Administrative Claim becomes an Allowed Administrative Claim, or as soon thereafter as is practicable. Allowed Administrative Claims shall be paid from the funds in the Administrative Claims Fund and in accordance with the Wind Down Budget.

(c) Administrative Claims Bar Date.

(i) General Administrative Claim Bar Date Provisions. Except as provided below for (1) Professionals requesting compensation or reimbursement for Professional Fee Claims, and (2) U.S. Trustee Fees, requests for allowance and payment of Administrative Claims must be filed no later than thirty (30) days after notice of entry of the Confirmation Order is filed with the Bankruptcy Court. Holders of Administrative Claims who are required to file a request for allowance and payment of such Claims and who do not file such requests by the applicable Bar Date, shall be forever barred from asserting such Claims against the Debtor or its property, and the holders thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, or recover such Administrative Claims.

(ii) Professional Fee Claim Bar Date. All Professionals or other Persons requesting compensation or reimbursement of Professional Fee Claims for services rendered before the Effective Date (including compensation requested by any Professional or other entity for making a substantial contribution in this Chapter 11 Case) shall file an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date. Objections to applications of Professionals or other entities for compensation or reimbursement of expenses must be filed no later than seventeen (17) days after any such application is filed. All compensation and reimbursement of expenses allowed by the Bankruptcy Court shall be paid by the Plan Administrator to the applicable Professional or other entities requesting compensation or reimbursement of Professional Fee Claims as soon as is practicable after any such Professional Fee Claims are allowed. Notwithstanding the amounts budgeted for Professional Fee Claims in the Wind Down Budget, Professionals shall not be compensated for any amount in excess of fees and expenses that are approved and allowed by the Bankruptcy Court in such final fee application. Each Professional or other Person that intends to seek payment on account of a Professional Fee Claim shall provide the Debtor with a statement, by no later than the

Confirmation Date, of the amount of estimated unpaid fees and expenses accrued by such Professional up to the date of such statement, the amount of fees and expenses that each such Professional expects to incur from such date through the Effective Date, and the amount of fees and expenses that each such Professional expects to incur from such date in connection with the preparation and prosecution of each such Professional's final fee application. For the avoidance of doubt, the Plan provisions governing the allowance and payment of Administrative Claims do not apply to the fees and expenses for professionals of the First Lien Lenders, the First Lien Agent and the DIP Secured Parties (as defined in the DIP Order) provided for in the DIP Order; *provided*, *further*, that any fees or expenses paid (or to be paid) for professionals of the First Lien Lenders, the First Lien Agent and the DIP Secured Parties arising in connection with this Chapter 11 Case need not be approved by the Bankruptcy Court and will be paid by the Plan Administrator from available funds upon request from such parties.

(iii) U.S. Trustee's Fees. The Reorganized Debtor or the Plan Administrator (as applicable) shall pay all U.S. Trustee Fees, in accordance with the terms of the Plan, until such time as the Bankruptcy Court enters a final decree closing the Chapter 11 Case.

3.3 Priority Tax Claims. Except to the extent the Reorganized Debtor or the Plan Administrator, as applicable, and the holder of an Allowed Priority Tax Claim agree to different and less favorable treatment, the Plan Administrator shall pay, in full satisfaction and release of such Claim, to each holder of an Allowed Priority Tax Claim, Cash, in an amount equal to such Allowed Priority Tax Claim, (a) on the later of the Effective Date and (b) the first Business Day after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable.

ARTICLE IV

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

4.1 General Notes on Classification and Treatment of Classified Claims and Equity Interests. Pursuant to Sections 1122 and 1123 of the Bankruptcy Code, Claims and Equity Interests (other than Claims arising under Sections 507(a)(2) or 507(a)(8) of the Bankruptcy Code, which Claims do not require classification pursuant to Section 1123(a) of the Bankruptcy Code and are receiving the treatment set forth in Article III) are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan, as set forth herein. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class, and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class.

4.2 Classification and Treatment of Classified Claims and Equity Interests.

Class	Treatment	Entitled to Vote
Class 1 – First Lien Lender Claims	Impaired	Yes (Entitled to vote to accept or reject)
Class 2 – Second Lien Lender Claims	Impaired	No (Deemed to reject)
Class 3 – General Unsecured Claims	Impaired	No (Deemed to reject)
Class 4 – Equity Interests	Impaired	No (Deemed to reject)

4.3 Class 1 – First Lien Lender Claims.

(a) Impairment and Voting. Class 1 Claims are impaired under the Plan. Holders of Class 1 Claims shall be entitled to vote to accept or reject the Plan.

(b) Distributions to First Lien Agent. The First Lien Agent, on behalf of the First Lien Lenders, shall receive (i) within one Business Day of the Effective Date, a Distribution of all Available Cash held or controlled by the Reorganized Debtor or the Plan Administrator, (ii) on, or as soon as practicable after, the date that (A) all Disputed Claims have been paid or resolved and (B) Allowed Administrative Claims (including Professional Fee Claims) and Allowed Priority Tax Claims have been paid in full, a Distribution equal to any remaining Cash in the Administrative Claims Fund, and (iii) upon entry of a final decree by the Bankruptcy Court closing the Chapter 11 Case, a final Distribution of any and all remaining Cash in the Administrative Claims Fund and the Expense Reserve and the proceeds of any other Assets available to fund the Plan. Nothing in the Plan or the Confirmation Order shall release, discharge, or modify the Claims of the First Lien Lenders. No other Class of Claims shall receive any Distributions under the Plan unless and until Class 1 Claims are paid in full.

(c) Collateral. The First Lien Lenders shall retain their Liens and security interests in the Debtor's property, and nothing in the Plan or the Confirmation Order shall in any manner affect or modify or discharge the Liens and security interests of the First Lien Lenders.

4.4 Class 2 – Second Lien Lender Claims.

(a) Impairment and Voting. Class 2 Claims are impaired under the Plan. Holders of Class 2 Claims are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

(b) No Distributions. Because the Estate lacks sufficient funds to pay the First Lien Lender Claims in full, no Distribution shall be made to the holders of the

Second Lien Lender Claims. The Second Lien Lenders shall neither receive nor retain any property under the Plan. Nothing in the Plan or the Confirmation Order shall release, discharge, or modify the Second Lien Lender Claims.

(c) Collateral. The Second Lien Lenders shall retain their Liens and security interests in the Debtor's property, and nothing in the Plan or the Confirmation Order shall in any manner affect or modify or discharge the Liens and security interests of the Second Lien Lenders.

4.5 Class 3 - General Unsecured Claims.

(a) Impairment and Voting. Class 3 Claims are impaired under the Plan. Holders of Class 3 Claims are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

(b) No Distributions. No distribution shall be made to the holders of General Unsecured Claims. Holders of General Unsecured Claims shall neither receive nor retain any property under the Plan.

4.6 Class 4 – Equity Interests in the Debtor.

(a) Impairment and Voting. Class 4 Equity Interests are impaired under the Plan. Each holder of an Equity Interest in the Debtor shall neither receive nor retain any property under the Plan. Each holder of an Equity Interest in the Debtor is deemed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

(b) No Distributions. Class 4 Equity Interests shall receive no Distributions under the Plan. On the Effective Date of the Plan, all Equity Interests in the Debtor shall be deemed cancelled.

ARTICLE V

ACCEPTANCE OR REJECTION OF THE PLAN; EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS OR INTERESTS

5.1 Classes Entitled to Vote. Only Class 1 Claims - Secured Claims of First Lien Lenders - are Impaired and entitled to vote to accept or reject the Plan.

5.2 Cramdown. If all applicable requirements for Confirmation are met as set forth in Section 1129(a)(1) through (13) of the Bankruptcy Code except subsection (8) thereof, in accordance with Section 1129(b) of the Bankruptcy Code, notwithstanding the failure to satisfy the requirements of Section 1129(a)(8), the Bankruptcy Court may confirm the Plan on the basis that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims that is impaired thereunder, and has not accepted the Plan.

ARTICLE VI

IMPLEMENTING THE PLAN

6.1 Implementation. The Plan Administrator shall implement the Plan consistent with the terms and conditions set forth in the Plan and the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan and the Confirmation Order, the Reorganized Debtor may use, acquire or dispose of property and compromise or settle with the consent of the First Lien Agent, any Claim, Equity Interest or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

6.2 Funding for the Plan. The Plan will be funded from the Administrative Claims Fund, the Expense Reserve and the proceeds from any other Assets available to fund the Plan.

6.3 Establishment of Reserves. On or before the Plan Supplement Filing Date, the Debtor with the consent of the First Lien Agent shall file with the Bankruptcy Court a copy of the Wind Down Budget setting forth, among other things, the Administrative Claims Fund and Expense Reserve.

6.4 Vesting of Property. On the Effective Date, pursuant to provisions of Section 1141(b) and (c) of the Bankruptcy Code, all Assets shall vest in the Reorganized Debtor free and clear of all Claims, Liens, encumbrances, charges, Equity Interests, and other interests, except as otherwise expressly provided in the Plan or Confirmation Order, and subject to the terms and conditions of the Plan and Confirmation Order.

6.5 Continuing Existence. From and after the Effective Date, the Reorganized Debtor shall continue in existence for the purposes of (a) winding up its affairs as expeditiously as reasonably possible, (b) liquidating, by conversion to Cash, or other methods, of any remaining Assets, as expeditiously as reasonably possible, (c) resolving Disputed Claims, (d) administering the Plan, (e) filing appropriate tax returns and refund requests, (f) performing all such other acts and conditions required by and consistent with consummation of the Plan, and (g) distributing all Cash and the proceeds of any other Assets available to Fund the Plan to the First Lien Agent pursuant to Section 4.3(b) of the Plan.

6.6 Corporate Action. This Plan shall be administered by the Plan Administrator and all actions taken under the Plan in the Reorganized Debtor's name shall be taken through the Plan Administrator. Upon the distribution of all Assets pursuant to the Plan and the filing by the Plan Administrator of a certification to that effect with the Bankruptcy Court (which may be included in the application for the entry of the final decree), the Reorganized Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith, provided, however, that the

Reorganized Debtor may, but will not be required to, take appropriate action to dissolve itself under applicable state law.

6.7 <u>Appointment of the Plan Administrator</u>. On the Effective Date, the Plan Administrator shall be deemed the Estate's representative in accordance with Section 1123 of the Bankruptcy Code and shall have all powers, authority, and responsibilities specified in the Plan, including, without limitation, the powers of a trustee under Sections 704 and 1106 of the Bankruptcy Code.

6.8 <u>Winding Down Affairs</u>. Following the Effective Date, neither the Reorganized Debtor nor the Plan Administrator shall engage in any business or take any actions, except those necessary to consummate the Plan and wind down its affairs. On and after the Effective Date, the Plan Administrator shall, in the name of the Debtor, take such actions without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than the restrictions imposed by the Plan or the Confirmation Order.

6.9 <u>Powers and Duties of the Plan Administrator</u>. The Plan Administrator shall act for the Reorganized Debtor in a fiduciary capacity subject to the provisions of the Plan and the Plan Administrator Agreement. The powers and duties of the Plan Administrator shall include, without limitation:

(a) Engaging, in consultation with the First Lien Agent, attorneys, consultants, agents, employees, and any other professional persons in accordance with the Wind Down Budget to assist the Plan Administrator with respect to the Plan Administrator's responsibilities;

(b) coordinating the storage and maintenance of the Reorganized Debtor's books and records or otherwise seeking authorization from the Bankruptcy Court for the destruction of such books and records prior to the expiration of any statutory period requiring that such records be maintained;

(c) preparing financial statements and U.S. Trustee post-confirmation quarterly reports, until such time as a final decree has been entered in the Bankruptcy Case;

(d) overseeing the filing of final tax returns, refund requests, audits, and other corporate dissolution documents, as required;

(e) performing any additional corporate actions as necessary to carry out the wind up, liquidation, and distribution of the Reorganized Debtor's Assets;

(f) paying the fees and expenses of the attorneys, consultants, agents, employees, and other professional persons engaged by the Reorganized Debtor and the Plan Administrator and to pay all other expenses for winding down the affairs of the Reorganized Debtor, subject to and in accordance with the Wind Down Budget and the terms of the Plan and Confirmation Order;

(g) objecting to, compromising, and settling Claims, if necessary;

(h) implementing and/or enforcing all provisions of the Plan and the Confirmation Order; and

(i) such other powers as may be vested in or assumed by the Plan Administrator pursuant to the Plan, Plan Administrator Agreement, or Confirmation Order of the Bankruptcy Court, or as may be needed or appropriate to carry out the provisions of the Plan.

6.10 Resignation or Removal of the Plan Administrator. In the event that the Plan Administrator resigns or is removed, is incapacitated, dies, or becomes otherwise unable or unwilling to continue to serve in such capacity, then the Bankruptcy Court shall, after notice and hearing, designate another Person to become the Plan Administrator. Thereupon the successor Plan Administrator, without further act, shall become fully vested with all of the rights, powers, duties, and obligations of his or her predecessor, including the compensation of the predecessor Plan Administrator. No successor Plan Administrator hereunder shall in any event have any liability or responsibility for the acts or omissions of any of his or her predecessors.

6.11 Employment of Professionals. In accordance with the Wind Down Budget, the Plan Administrator shall have the right, in consultation with the First Lien Agent, to retain the services of attorneys, accountants, and other Professionals that are necessary to assist the Plan Administrator in the performance of his duties as Plan Administrator or otherwise under the Plan. The reasonable fees and expenses of such professionals and the additional expenses of the Plan Administrator incurred in the performance of his duties as Plan Administrator under the Plan shall be paid by the Plan Administrator from the Expense Reserve in accordance with the Wind Down Budget, and shall not be subject to Bankruptcy Court approval; provided, however, that upon written request the Plan Administrator shall provide invoices for the post-confirmation services of Professionals to the U.S. Trustee, the First Lien Agent or requesting creditors.

6.12 Plan Administrator Agreement. On the Effective Date, the Plan Administrator Agreement shall be deemed to be valid, binding, and enforceable in accordance with its terms and provisions. The Plan Administrator Agreement shall be substantially in the form contained in the Plan. As set forth more fully in the Plan Administrator Agreement, the Plan Administrator shall receive compensation for his post-confirmation services at the rate of $350 per hour in accordance with the Wind Down Budget. Post-confirmation compensation of the Plan Administrator shall not be subject to approval of the Bankruptcy Court, and shall be paid from the Expense Reserve in accordance with the Wind Down Budget. Upon request the Plan Administrator shall provide invoices for his post-confirmation services to the U.S. Trustee and to the First Lien Agent. After the Effective Date, the Plan Administrator Agreement may be amended with the written consent of the First Lien Lender in accordance with its terms without further order of the Bankruptcy Court.

6.13 Destruction of Books and Records. The Reorganized Debtor's and the Plan Administrator's rights to seek authorization from the Bankruptcy Court for the destruction of books and records prior to the expiration of any statutory period requiring that such records be maintained are preserved.

6.14 Method of Distributions Under the Plan.

(a) Form of Distributions. All Distributions shall be made by the Plan Administrator or a duly-appointed disbursing agent to the holders of Allowed Claims. Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Plan Administrator or by wire transfer from a domestic bank, at the option of the Plan Administrator.

(b) Distributions to be on Business Days. Any payment or Distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(c) Time Bar to Cash Payments. Checks issued by the Plan Administrator in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be in writing to the Plan Administrator by the holder of the Allowed Claim to whom such check originally was issued. Any such written claim in respect of such a voided check must be received by the Plan Administrator on or before sixty (60) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the Debtors and be treated as Available Cash. Any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Debtor, the Estate, or the Plan Administrator.

6.15 Disputed Claims.

(a) Objections to Disputed Claims**.** Unless otherwise ordered by the Bankruptcy Court, on and after the Effective Date, the Plan Administrator shall have the exclusive right to make, file, and prosecute objections to and settle, compromise, or otherwise resolve Disputed Claims in consultation with the First Lien Agent, except that as to applications for allowances of Professional Fee Claims, objections may be made in accordance with the applicable Bankruptcy Rules by parties in interest. Subject to further extension by the Bankruptcy Court, the Plan Administrator shall file and serve a copy of any such objection upon the holder of the Claim to which an objection is made on or before the latest to occur of: (i) sixty (60) days after the Effective Date, (ii) thirty (30) days after a request for payment or proof of claim is timely filed and properly served upon the Plan Administrator, and (iii) such other date as may be fixed by the Bankruptcy Court either before or after the expiration of such time periods. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the claimant if the Plan Administrator effects service in any of the following manners (x) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (y) by first-class mail, postage prepaid, on the signatory of the proof of claim or other representative identified in the proof of claim or any attachment thereto at the address of the creditor set forth therein; or (z) by first-class mail, postage prepaid, on any counsel that has appeared on the claimant's behalf in the Chapter 11 Case. From and after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim or retained Cause of Action pursuant to the terms of the Plan without further order of the Bankruptcy Court.

(b) Resolution of Disputed Claims. No Distribution or payment shall be made on account of a Disputed Claim until such Disputed Claim becomes an Allowed Claim and shall be entitled to distribution in accordance with its respective Class of Claims.

6.16 Estimation of Claims. The Plan Administrator may, at any time, request that the Bankruptcy Court estimate any Claim not expressly Allowed by the terms of the Plan and otherwise subject to estimation pursuant to Section 502(c) of the Bankruptcy Code and for which the Debtor may be liable under the Plan, including any Claim for taxes, to the extent permitted by Section 502(c) of the Bankruptcy Code, regardless of whether any party in interest previously objected to such Claim, and the Bankruptcy Court (or the District Court, if applicable) will retain jurisdiction to estimate any Claim pursuant to Section 502(c) of the Bankruptcy Code at any time prior to the time that such Claim becomes an Allowed Claim. The Plan Administrator shall be entitled to request that the Bankruptcy Court determine either the Allowed amount of such Claim or a maximum limitation on such Claim. If the Bankruptcy Court determines the maximum limitation of such Claim, such determination shall not preclude the Plan Administrator from pursuing any additional proceedings to object to any ultimate payment of such Claim. If the Bankruptcy Court determines the Allowed amount of such Claim, the amount so determined shall be deemed the amount of the Disputed Claim for all purposes under the Plan. The foregoing objection, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated by the Bankruptcy Court (or the District Court, if applicable) and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court (or the District Court, if applicable).

6.17 Automatic Disallowance and Expungement of Certain Claims. On the Effective Date, all Claims filed after the applicable Bar Date that were required to be filed on or in advance of such Bar Date under its terms, shall be expunged and disallowed without any further notice to or action, order, or approval of the Bankruptcy Court.

6.18 Retention of Rights and Causes of Action. Except as provided in the Plan and subject to Section 7.9 hereof, all present or future rights, claims, or Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtor held on behalf of the Estate or of the Debtor in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law against any Person and have not been released or sold on or prior to the Effective Date are preserved for the Reorganized Debtor and the Plan Administrator. On the Effective Date, pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, the Plan Administrator and the

Reorganized Debtor shall have possession and control or, and shall retain and have the right to enforce and pursue, any and all present or future rights, claims, or Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses against any Person and with respect to any rights of the Debtor that arose before or after the Petition Date. The Plan Administrator and the Reorganized Debtor have, retain, reserve, and shall be entitled to assert and pursue all such claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and they may assert after the Effective Date, all legal and equitable rights of the Debtor not expressly released under the Plan. The Reorganized Debtor or the Plan Administrator, as applicable, may abandon, settle, or release any or all such claims, rights or Causes of Action, as either deems appropriate without further order of the Bankruptcy Court. In pursuing any claim, right, or Cause of Action, the Plan Administrator, as the representative of the Estate, shall be entitled to the extensions provided under Section 108 of the Bankruptcy Code. Except as otherwise provided in the Plan, all Causes of Action shall survive confirmation of the Plan and the commencement or prosecution of Causes of Action shall not be barred or limited by any estoppel, whether judicial, equitable, or otherwise. Notwithstanding the foregoing, the Reorganized Debtor shall not retain any claims or Causes of Action released pursuant to the Plan against the Released Parties or arising under Chapter 5 of the Bankruptcy Code (except that such claims or Causes of Action may be asserted as a defense to a Claim in connection with the Claims reconciliation and objection procedures pursuant to Section 502(d) of the Bankruptcy Code or otherwise).

ARTICLE VII

IMPLEMENTATION OF THE PLAN

7.1 Binding Effect. Except as otherwise provided in Section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against or Equity Interest in the Debtor who held such Claim or Equity Interest at any time during the Chapter 11 Case and its respective successors and assigns, whether or not the Claim or Equity Interest of such holder is Impaired under the Plan and whether or not such holder has accepted the Plan.

7.2 Term of Injunction or Stays. Unless otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Case pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Case is closed.

7.3 Releases by the Debtor and the Estate. Pursuant to Section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or arising from intentional fraud, or willful misconduct, for good and valuable consideration, on and after the Effective Date, each Released Party is deemed released by the Debtor, each of the Debtor's current and former affiliates, and the Estate from any and all claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims, asserted on behalf of the Debtor, whether known or unknown, foreseen or

unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, contract, violations of federal or state securities laws, or otherwise, that the Debtor or the Estate would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtor or its affiliates, the Chapter 11 Case, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the restructuring of Claims and Equity Interests before or in the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan, the Plan Supplement, the Disclosure Statement, the POCI Settlement, the Eastern Uintah Basin Sale Transaction, the Eastern Uintah Basin Sale Order, the Eastern Uintah Basin Sale Agreement, the North Dakota Sale Transaction, the North Dakota Sale Order, the North Dakota Sale Agreement, the Western Uintah Basin Sale Transaction, the Western Uintah Basin Sale Order, the Western Uintah Basin Sale Agreement, the Arbitration, the EP Energy Settlement Agreement, the QEP Energy Settlement Agreement, the Ute Energy Settlement Agreement or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence relating to the Debtor taking place on or before the Effective Date.

7.4 Injunction.

(a) Scope of Injunction. Except as otherwise provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that hold a Claim are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor, the Plan Administrator, or any present and former directors, officers, trustees, agents, attorneys, advisors, partners, or employees of the Debtor, the Reorganized Debtor, or the Plan Administrator, or any of their respective successors or assigns, or any of their respective assets or properties, on account of any Claim: (i) commencing or continuing in any manner any action or other proceeding with respect to a Claim or based upon a theory which arises out of such holder's Claim; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order with respect to a Claim; (iii) creating, perfecting, or enforcing any Lien or encumbrance with respect to a Claim; (iv) asserting a setoff, right of subrogation, or recoupment of any kind with respect to a Claim, the Assets, or other property of the Estate; and (v) commencing or continuing any action that does not comply with or is inconsistent with the Plan. Nothing shall preclude the holder of a Claim from pursuing any applicable insurance after the Chapter 11 Case is closed, from seeking discovery in actions against third parties, or from pursuing third-party insurance that does not cover Claims against the Debtor. For the avoidance of doubt, nothing in this injunction shall limit the rights of a holder of a Claim to enforce the terms of the Plan.

(b) Cause of Action Injunction. On and after the Effective Date, all Persons other than the Plan Administrator will be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) on account of, or respecting any claim, debt, right, or Cause of Action that the Plan Administrator retains authority to pursue in accordance with the Plan.

(c) Exculpation. Except as otherwise set forth in the Plan, neither the Debtor, nor any Released Party, nor any of their respective current or former partners, directors, officers, trustees, employees, agents (acting in such capacity), advisors, attorneys, nor representatives of any professional employed by any of them shall have or incur any liability to any Person or entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, confirmation, or consummation of the Plan, the Disclosure Statement, the POCI Settlement, the Eastern Uintah Basin Sale Transaction, the Eastern Uintah Basin Sale Order, the North Dakota Sale Transaction, the North Dakota Sale Order, the Western Uintah Basin Sale Transaction, Western Uintah Basin Sale Order, the EP Energy Settlement Agreement, the QEP Energy Settlement Agreement, the Ute Energy Settlement or any contract, release, or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the Plan, the administration of the Plan or property to be distributed pursuant to the Plan, the Eastern Uintah Basin Sale Transaction, the North Dakota Sale Transaction, the Western Uintah Basin Sale Transaction, the Arbitration, the EP Energy Settlement Agreement, the QEP Energy Settlement Agreement, the Ute Energy Settlement and actions taken or omitted to be taken in connection with the Chapter 11 Case or the operations, monitoring, or administration of the Debtor during the Chapter 11 Case.

7.5 Preservation and Application of Insurance. The provisions of the Plan shall not diminish or impair in any manner the enforceability of coverage of any insurance policies (and any agreements, documents, or instruments relating thereto) that may cover Claims against the Debtor, any directors, trustees, or officers of the Debtor, or any other Person, including, without limitation, insurance for the Debtor's directors and officers.

7.6 Compromise of Controversies. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution, and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan, including, without limitation, all Claims arising prior to the Effective Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to, or in connection with the business or affairs of or transactions with the Debtor. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate, creditors, and other parties in interest, and are fair, equitable, and within the range of reasonableness.

7.7 Solicitation of Plan. As of and subject to the occurrence of the Confirmation Date: (a) the Debtor shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy

Code, including without limitation, Sections 1125(a) and (e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtor and each of their respective directors, officers, employees, affiliates, agents, financial advisors, investment bankers, professionals, accountants, and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code, and therefore are not, and on account of such solicitation will not be, liable at any time for any violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan.

7.8 Post-Confirmation Activity. As of the Effective Date, the Plan Administrator shall conclude the implementation of the Plan and winding down of the Debtor's affairs without supervision of the Bankruptcy Court, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the foregoing, the Plan Administrator shall pay any charges he incurs for taxes, professional fees, disbursements, expenses, or related support services after the Effective Date in accordance with the Wind Down Budget and to the extent funds are available in the Estate without application to and approval of the Bankruptcy Court.

7.9 Avoidance Actions. On the Effective Date, the Debtor shall be deemed to release any and all rights, claims, and causes of action that a trustee, debtor-in-possession, or other appropriate party in interest would be able to assert on behalf of the Debtor under applicable state statutes or the avoidance provisions of Chapter 5 of the Bankruptcy Code, including actions under one or more of the provisions of Bankruptcy Code Sections 506 and, 542 through 551.

ARTICLE VIII

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

8.1 Executory Contracts and Unexpired Leases. On the Effective Date, all executory contracts and unexpired leases to which the Debtor is a party shall be deemed rejected as of the Effective Date, except for an executory contract or unexpired lease that (a) has been assumed (or assumed and assigned) or rejected pursuant to a Final Order of the Bankruptcy Court entered before the Effective Date or (b) is the subject of a separate motion to assume or assign or reject filed under Section 365 of the Bankruptcy Code by the Debtor before the Effective Date.

8.2 Approval of Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to Section 365(a) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected as of the Effective Date of the Plan.

8.3 Rejection Damage Claims. If the rejection of an executory contract or unexpired lease by the Debtor pursuant to this Article VIII results in a Claim for damages to the other party or parties to such contract or lease, any Claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Estate, or its properties or agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served on the Plan Administrator on or before thirty (30) days following the Confirmation Date. Unless otherwise ordered by the Bankruptcy Court or provided in the Plan, all such Claims for which proofs of claim are timely filed will be treated as General Unsecured Claims subject to the provisions of the Plan. The Plan Administrator shall have the right to object, settle and/or compromise any such rejection damage claims filed in accordance with this Section.

ARTICLE IX

CONDITIONS TO CONFIRMATION AND OCCURRENCE OF EFFECTIVE DATE

9.1 Conditions to Confirmation. The Plan may not be confirmed unless the Confirmation Order is entered in a form reasonably acceptable to the Plan Proponent and the First Lien Agent on behalf of the First Lien Lenders.

9.2 Conditions Precedent to Effectiveness. The Plan shall not become effective, and the Effective Date shall not occur, unless and until the following conditions shall have been satisfied or waived:

(a) the Confirmation Order, in form and substance reasonably acceptable to the Debtor and the First Lien Agent, shall have been entered by the Bankruptcy Court and shall have become a Final Order;

(b) all actions, other documents and agreements necessary to implement the Plan shall have been executed, delivered and, if necessary, properly recorded, and shall have become effective;

(c) the Estate shall have sufficient Cash to meet all Cash funding obligations under the Plan required to be made on the Effective Date;

(d) no outstanding amounts exist under the DIP Credit Agreement and the DIP Credit Agreement is terminated; and

(e) the TSA shall have been terminated.

9.3 Failure of Conditions Precedent. Notwithstanding anything in the Plan to the contrary, the conditions set forth in Section 9.2 above must be satisfied or waived on or before January 8, 2019. In the event that the conditions set forth in Section 9.2 above are not satisfied or waived on or before January 8, 2019, then the Plan shall be deemed revoked and withdrawn, the Confirmation Order shall be deemed vacated, and Section 12.5 of the Plan shall apply.

9.4 Waiver of Conditions. With the written consent of the First Lien Agent, the Debtor may waive one or more of the conditions precedent to the effectiveness of the Plan set forth in Section 9.2 above, except that the Debtor may not waive the condition that the Estate will have sufficient Cash to meet all payment and funding obligations under the Plan on the Effective Date.

9.5 Closing of the Chapter 11 Case. After all Disputed Claims filed against the Debtor have become Allowed Claims or have been disallowed, and have been satisfied in accordance with the Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules. Notwithstanding the foregoing, the Chapter 11 Case shall not be closed until the Arbitration has been concluded and the remaining Asset sale proceeds held by Crescent Point under the Western Uintah Basin Sale Transaction have been distributed to the First Lien Agent.

ARTICLE X

COMPROMISES AND SETTLEMENTS OF DISPUTES

10.1 Approved Settlement Agreements. Pursuant to Bankruptcy Rule 9019(a), the Debtor entered into the EP Energy Settlement Agreement, the QEP Settlement Agreement, the Ute Energy Settlement Agreement, and the POCI Settlement, all of which have been approved by the Bankruptcy Court (collectively, the "Approved Settlement Agreements"). Nothing in the Plan shall modify or change in any way the Approved Settlement Agreements. The Approved Settlement Agreements are incorporated herein as if fully set forth herein.

ARTICLE XI

RETENTION OF JURISDICTION

11.1 Retention of Jurisdiction. After the Effective Date, the Bankruptcy Court shall have exclusive jurisdiction of the following specified matters arising out of, and related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code:

(a) to hear and determine any and all objections to the allowance of any Claims or any controversies as to the classification of any Claims or estimate any Disputed Claim;

(b) to hear and determine any and all applications by Professionals for compensation and reimbursement of expenses;

(c) to hear and determine any and all pending applications for the rejection or assumption of executory contracts and unexpired leases, and fix and allow any Claims resulting therefrom;

(d) to enforce the provisions of the Plan subject to the terms thereof;

(e) to correct any defect, cure any omission, or reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary to carry out the purpose and the intent of the Plan;

(f) to determine any Claim or liability to a Governmental Unit which may be asserted as a result of the transactions contemplated herein;

(g) to hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

(h) to enforce the DIP Order;

(i) to enforce the Cash Collateral Stipulations;

(j) to enforce the Western Uinta Basin Sale Agreement and the Wester Uinta Basin Sale Order; and

(k) to determine such other matters as may be provided for in the Confirmation Order.

ARTICLE XII

MISCELLANEOUS

12.1 **Default of Plan**. In the event of any default of the provisions of the Plan, a creditor or party in interest aggrieved by such default may provide written notice to the Plan Administrator with a copy to the First Lien Agent. The notice of default must describe with specificity the nature of the default alleged and the steps required to cure such default. The Plan Administrator shall have thirty (30) days after receipt of notice of default to cure such default. If the default is not cured within thirty (30) days after receipt of a notice of default, then a creditor or party in interest aggrieved by such default may apply to the Bankruptcy Court to compel compliance with the applicable provisions of the Plan. The Bankruptcy Court, after notice and a hearing, shall determine whether a default occurred, and if a default occurred, whether such default has been cured. Upon finding a material default, the Bankruptcy Court may issue such orders as may be appropriate, including an order compelling compliance with the pertinent provisions of the Plan or an order converting the case to one under Chapter 7 of the Bankruptcy Code.

12.2 **Setoffs**. Except as otherwise provided in the Plan, nothing contained in the Plan shall constitute a waiver or release by the Estate of any rights of setoff the Estate may have against any Person.

12.3 **Amendment or Modification of the Plan**. Upon written consent of the First Lien Agent, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor at any time prior to the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with Sections 1125 and 1127 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time before or after the Confirmation Date and before substantial consummation, provided that the Plan, as altered, amended or modified, satisfies the requirements of Sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under Section 1129 of the Bankruptcy Code. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder. The Debtor may, without notice to holders of Claims insofar as it does not materially and adversely affect the interests of any such holders, correct any defect or omission in the Plan and any exhibit hereto.

12.4 Severability. If, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court may, upon the request of the Debtor, alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alternation or interpretation. The Confirmation Order shall constitute a judicial determination that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable according to its terms.

12.5 Revocation or Withdrawal of the Plan. The Debtor reserves the right, upon written consent of the First Lien Agent, to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Estate or any other Person or to prejudice in any manner the rights of the Debtor or any Person in any further proceedings involving the Estate.

12.6 Notices. All notices, requests and demands to or upon the Plan Administrator shall only be effective if in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and confirmed, addressed as follows:

Michael E. Rich, Plan Administrator
c/o George Hofmann
Cohne Kinghorn, P.C.
111 East Broadway, 11th Floor
Salt Lake City, Utah 84111
Tel: (801) 363-4300
Fax: (801) 363-4378

12.7 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Utah, without giving effect to the principles of conflicts of law of such jurisdiction.

12.8 Headings. Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

12.9 Filing of Additional Documents. On or before substantial consummation of the Plan, Reorganized Debtor or the Plan Administrator shall file with the Bankruptcy Court any agreements or other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

12.10 Inconsistency. In the event of any inconsistency between the Plan and the Disclosure Statement, or any other instrument or document created or executed pursuant to the Plan, the terms of the Plan shall govern.

Dated: October 26, 2018

III EXPLORATION II LP
By: Petroglyph Energy, Inc.,
Its general partner

/s/ Paul Powell
Paul Powell
President

And

COHNE KINGHORN, P.C.

/s/ George Hofmann
George B. Hofmann
Patrick E. Johnson

Attorneys for the Debtor

EXHIBIT 1

III Exploration II LP
13-WEEK CASH FLOW FORECAST
DRAFT - as of 10/24/2018

(in 000's)	BUDGET 1 Week Ending 26-Oct	BUDGET 2 Week Ending 2-Nov	BUDGET 3 Week Ending 9-Nov	BUDGET 4 Week Ending 16-Nov	BUDGET 5 Week Ending 23-Nov	BUDGET 6 Week Ending 30-Nov	BUDGET 7 Week Ending 7-Dec	BUDGET 8 Week Ending 14-Dec	BUDGET 9 Week Ending 21-Dec	BUDGET 10 Week Ending 28-Dec	BUDGET 11 Week Ending 4-Jan	BUDGET 12 Week Ending 11-Jan	BUDGET 13 Week Ending 18-Jan	13-WEEK TOTAL
Joint Venture Cash Flow														
1 Energy Revenue - Net Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 JIB Disbursements - Net Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Total Joint Venture Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Professional Fees and U.S. Trustee Fee	-	(47)	(17)	-	-	(20)	(12)	(75)	20	-	-	-	-	**(151)**
5 Interest / Bank Fees	-	1	(1)	-	-	-	1	(1)	-	-	-	-	-	**1**
6 Derivative Revenue (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Operating Company Cash Flow														
8 Energy Revenue - Gross	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Royalty Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Production Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Accounts Payable	-	-	(6)	-	-	-	-	-	-	-	-	-	-	**(6)**
12 Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Corporate Severance & Accrued Vacation Pay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Accrued Vacation Pay - Field Employees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Management Fee	-	(20)	-	-	-	-	(20)	-	-	-	-	-	-	**(40)**
16 Wind Down Reserve	-	-	-	-	-	-	-	-	(50)	-	-	-	-	**(50)**
17 Ad Valorem Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Total Operating Company Cash Flow	-	(20)	(6)	-	-	-	(20)	-	(50)	-	-	-	-	**(96)**
19 Net Cash Surplus (Uses)	-	(66)	(24)	-	-	(20)	(31)	(76)	(30)	-	-	-	-	**(246)**
20 Refund from IMA for Bond Renewal Payment	-	-	-	-	-	-	-	5	-	-	-	-	-	**5**
21 Distribution to Secured Lenders	-	-	-	-	-	-	-	-	(469)	-	-	-	-	**(469)**
22 Beginning, Cash Surplus	710	710	644	620	620	620	600	569	499	-	-	-	-	**710**
23 Net Cash (Use)	-	(66)	(24)	-	-	(20)	(31)	(71)	(499)	-	-	-	-	**(710)**
24 Ending, Cash Surplus	710	644	620	620	620	600	569	499	-	-	-	-	-	-

Note: The accompanying cash flow forecast has been prepared by the Debtors' management team in collaboration with Huron. This work product remains subject to material change. The Debtors expect to make ongoing revisions to this and other forecasts. The transactions closed with an Effective Date of December 1, 2016. The Budget assumes investment banker fees will be paid from the sale proceeds. The Budget is prepared in accordance with the Stipulation Extending the Use of Cash Collateral.