

FINANCIAL PROJECTIONS¹

The Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the planning and development of a plan of reorganization and for the purposes of determining whether such plan would satisfy this feasibility standard, the Debtors analyzed the Debtors' ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources.

In connection with the Disclosure Statement, the Debtors' management team ("Management") and Seaport Gordian Energy LLC ("SGE") prepared financial projections (the "Projections") for the periods beginning with the two months ending December 31, 2020, and the fiscal years of 2021 through 2023 on an annual basis (collectively, the "Projection Period"). The Projections were prepared by Management for the Debtors in consultation with and are based on assumptions made by Management with respect to the future performance of the Reorganized Debtors' operations.

The Projections are subject to inherent risks and uncertainties, most of which are difficult to predict and many of which are beyond Management's control, related to the exploration for and development, production, gathering and sale of natural gas, and natural gas liquids. Factors that may cause actual results to differ from expected results include, but are not limited to:

- (i) fluctuations in natural gas prices;
- (ii) the uncertainty inherent in estimating reserves, future net revenues, and discounted future cash flows;
- (iii) the timing and amount of future natural gas production;
- (iv) changes in the availability and cost of capital;
- (v) environmental and other operating risks, including liability claims as a result of natural gas operations; and
- (vi) the effects of existing and future laws and governmental regulations, including environmental, sovereign regulation, and climate change regulation.

Should one or more of the risks or uncertainties referenced above occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in the Projections. Further, new factors could cause actual results to differ materially from those described in the Projections, and it is not possible to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in the Projections.

The Projections have not been audited or reviewed by a registered independent accounting firm, and were not prepared with a view toward compliance with the guidelines of the Securities and Exchange Commission, the American Institute of Certified Public Accountants, or the Financial Accounting Standards Board ("FASB"), particularly for reorganization accounting. The Projections should be read in conjunction with the significant assumptions, qualifications, and notes set forth below.

¹ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement, as applicable.

THE DEBTORS PREPARED THE PROJECTIONS WITH THE ASSISTANCE OF ITS ADVISERS. EXCEPT FOR PURPOSES OF THE DISCLOSURE STATEMENT, THE DEBTORS DO NOT PUBLISH PROJECTIONS OF ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS OF THE DEBTORS.

MOREOVER, THE PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH WILL BE BEYOND THE CONTROL OF THE DEBTORS OR REORGANIZED DEBTORS, AS APPLICABLE, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, INDUSTRY-SPECIFIC RISK FACTORS, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE DEBTORS AND REORGANIZED DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, INDUSTRY, REGULATORY, LEGAL, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS’ OR REORGANIZED DEBTORS’ CONTROL. THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO THE REORGANIZED DEBTORS’ ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING AFTER THE DATE ON WHICH THE DEBTORS PREPARED THESE PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR THE DISCLOSURE STATEMENT, THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE HEREOF OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL

OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AND INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISERS.

ALTHOUGH MANAGEMENT, HAS PREPARED THE PROJECTIONS IN GOOD FAITH AND BELIEVES THE ASSUMPTIONS TO BE REASONABLE, IT IS IMPORTANT TO NOTE THAT THE DEBTORS OR THE REORGANIZED DEBTORS CAN PROVIDE NO ASSURANCE THAT SUCH ASSUMPTIONS WILL BE REALIZED. AS DESCRIBED IN DETAIL IN THE DISCLOSURE STATEMENT, A VARIETY OF RISK FACTORS COULD AFFECT THE REORGANIZED DEBTORS' FINANCIAL RESULTS AND MUST BE CONSIDERED. ACCORDINGLY, THE PROJECTIONS SHOULD BE REVIEWED IN CONJUNCTION WITH A REVIEW OF THE RISK FACTORS SET FORTH IN THE DISCLOSURE STATEMENT AND THE ASSUMPTIONS DESCRIBED HEREIN, INCLUDING ALL RELEVANT QUALIFICATIONS AND FOOTNOTES.

General Assumptions

The Projections have been prepared using accounting policies that are generally consistent with those applied in the Debtors' historical financial statements (GAAP consolidated basis). The Projections have not been prepared under the intention of compliance with published guidelines of the SEC, the American Institute of Certified Public Accountants, the FASB, or any other standard-setting body. The projected financial information does not reflect the impact of fresh start accounting, which could result in material changes to the projected values.

EBITDA is a non-GAAP financial measure intended to provide useful information to evaluate the operations of the Debtor's business excluding certain items. EBITDA should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with US GAAP. The Reorganized Debtors' projected EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate EBITDA in the same manner.

a. Presentation

The Projections are presented for the Reorganized Debtors on a consolidated basis.

b. Methodology

Management developed a business plan for the Projection Period based on forecasted estimates of the Debtors' gas reserves, estimated sales pricing, and estimated future operating costs, capital expenditures, and overhead costs.

c. Plan Consummation

The Projections herein are prepared based on an assumed Effective Date of October 31, 2020. Although the assumed Effective Date for purposes of the Projection may differ from the actual Effective Date, such changes are not expected to alter the Debtors' Projections or assessment of the Plan's feasibility.

d. Operations

The Projections incorporate production estimates and capital spend on a project-by-project basis over the Projection Period. Production estimates are based on Management's best efforts to forecast decline curves for their existing proved developed producing reserves.

Assumptions with Respect to the Cash Flow Projection

a. Production

Natural gas production volumes are estimates based on decline curves for existing producing wells.

b. Commodity Pricing

Gas prices are based on existing gas sales contract pricing.

c. Lease Operating Expenses

Operating expenses include lease operating expenses, workover costs, and transportation and processing costs.

d. Production Taxes

Production taxes include severance, ad valorem, and other miscellaneous taxes, which are based on Management's estimates of production volume and field value.

e. General and Administrative

General and Administrative Costs ("G&A") are primarily comprised of compensation and other expenses associated with the Debtors' corporate overhead and reflect current development plans.

f. Capital Expenditures

Projections for capital expenditures were prepared with consideration of the Debtors' future estimates for maintenance expenditures and planned development projects.

g. Plugging and Abandonment

Plugging and Abandonment ("P&A") obligations are primarily comprised of the cost of closing uneconomic non-producing wells.

h. Other Considerations

The Projections reflect the Debtors' contemplated operating plan given prevailing market conditions. In the event of material adverse market developments, we have assumed that the Reorganized Debtors will have the ability to (i) implement changes to its operating plan to better manage its financial wherewithal; or (ii) access debt or equity financing, as necessary, to address any contingencies or obtain sufficient capital to maintain operations.

(\$ in millions)

	2 Months Ending December 31,	FY Ending December 31,		
	2020	2021	2022	2023
Production Volumes				
Oil (MBL)	15.5	83.7	133.9	107.3
Gas (MMCF)	1,143.9	5,358.3	3,952.5	4,154.9
NGL (MBL)	40.4	177.9	125.5	128.1
Mmcfe	1,479.0	6,928.1	5,508.8	5,567.3
Revenues and Expenses				
Oil	\$0.6	\$3.5	\$5.8	\$4.7
Gas	2.3	10.8	7.5	7.7
NGL	0.4	1.9	1.6	2.6
Total Net Revenue	\$3.4	\$16.2	\$14.8	\$15.0
Operating Expenses	(\$2.5)	(\$10.1)	(\$5.9)	(\$5.8)
Production Taxes	(0.3)	(1.3)	(1.2)	(1.1)
Total Operating Expenses	(\$2.8)	(\$11.5)	(\$7.1)	(\$6.9)
EBITDA before G&A	\$0.7	\$4.8	\$7.7	\$8.1
Less: G&A Costs	(0.4)	(2.3)	(2.3)	(2.3)
EBITDA	\$0.2	\$2.5	\$5.4	\$5.8
Cash Flow				
EBITDA	\$0.2	\$2.5	\$5.4	\$5.8
Less: Capex	-	(0.8)	(4.0)	(3.5)
Less: P&A Costs	(0.4)	(1.3)	(1.0)	(1.0)
Plus: Change in Working Capital	0.8	(0.4)	(0.2)	(0.1)
Unlevered Free Cash Flow	\$0.7	(\$0.0)	\$0.2	\$1.2
Less: Cash interest	(0.1)	(0.3)	(0.3)	(0.3)
Levered Free Cash Flow	\$0.6	(\$0.3)	(\$0.2)	\$0.9
Cumulative Levered FCF	0.6	0.3	0.1	1.0

Source: Company model and estimates.