LIQUIDATION ANALYSIS

As part of the chapter 11 process, Section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court determine that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (i) has accepted the plan or (ii) will receive under the plan value that is not less than the amount that such holder would receive if the debtors had liquidated under chapter 7 of the Bankruptcy Code.

Below is a summary of an illustrative liquidation analysis (the "Liquidation Analysis") assuming that the Debtors pursue a hypothetical liquidation under chapter 7 of the Bankruptcy Code. Under chapter 7 of the Bankruptcy Code, the Debtors' assets would be disposed under the direction of a chapter 7 trustee ("Trustee"). The illustrative sale proceeds would provide for lower recoveries relative to the recoveries under the Plan and as a result the Debtors believe that under the Plan, Holders of Claims would receive value greater than the amounts that such Holders would receive if the Debtors were forced to liquidate under chapter 7 of the Bankruptcy Code, and that the Plan satisfies the "best interests" test of section 1129(a)(7) of the Bankruptcy Code.

Limitations and Key Assumptions Underlying the Hypothetical Liquidation

THE ILLUSTRATIVE LIQUIDATION ANALYSIS PRESENTED HEREIN HAS BEEN PREPARED SOLELY FOR THE PURPOSES AND USE OF THIS DISCLOSURE STATEMENT AND DOES NOT REPRESENT OR CLAIM TO REPRESENT ANY ASSUMPTIONS OR COMPARISONS FOR ANY OTHER PURPOSE. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION BY OR ADMISSION OF ANY DEBTOR FOR ANY PURPOSE.

The Debtors prepared the illustrative Liquidation Analysis with the assistance of Seaport Gordian Energy LLC ("SGE"), the Debtors' investment banker. The Liquidation Analysis contains numerous estimates, including estimated Allowed Claims based upon a review of the Debtors' financial statements to account for estimated liabilities as necessary. The Liquidation Analysis does not include final estimates for Claims (or, the final allowance amount with particularity) as part of the Chapter 11 Cases which could be asserted and allowed in a chapter 7 liquidation, including a final calculation of unpaid chapter 11 Administrative Claims, and chapter 7 administrative claims such as wind down costs and Trustee fees and tax liabilities. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing the Liquidation Analysis. Therefore, the Debtors' estimate of Allowed Claims set forth in the Liquidation Analysis (and the estimates of chapter 7 administrative expenses) should not be relied on for any other purpose, including determining the final value of any distribution to be made on account of Allowed Claims and interests under the Plan or in a liquidation process.

THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

The Debtors note that the assumptions utilized in developing the Liquidation Analysis are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Debtors or a Trustee. Accordingly, there can be no guarantees that the values assumed in the Liquidation Analysis would be realized if the Debtors were actually liquidated. In addition, any liquidation would take place in the future, at which time circumstances may exist which cannot presently be predicted with certainty.

The Debtors recognize that there are other potential alternatives that could occur in a hypothetical chapter 7 liquidation not presented in the Liquidation Analysis, including alternatives that would give rise to reduced and delayed creditor recoveries.

THE DEBTORS RESERVE THEIR RIGHT TO SUPPLEMENT, MODIFY, OR ADJUST ANY PART OF THE ILLUSTRATIVE LIQUIDATION ANALYSIS, INCLUDING A CHANGE OF THE UNDERLYING ASSUMPTIONS AND ANALYSIS SET FORTH HEREIN.

General Assumptions

The following general assumptions were considered by the Debtors and their advisors as assumptions that would be applicable in any hypothetical chapter 7 liquidation.

a) Administrative Procedures and Conversion of Cases: For purposes of the chapter 7 Liquidation Analysis, the Debtors assume that each of the Chapter 11 Cases are converted to a chapter 7 case and consolidated during the chapter 7 proceeding for procedural purposes only. In the event that the Debtors were to be liquidated in separately administered chapter 7 cases, the administrative costs to the Debtors in each of the cases, including professional fees, Trustee fees, the Debtors' operational costs, etc. would likely be higher than if the cases were consolidated.

b) Professionals Involved in the Chapter 7 Proceedings: As part of the chapter 7 case, the Debtors assume that the Trustee would choose to retain certain professionals, including counsel, advisors and investment bankers, among others, to provide expertise and assistance in the liquidation of the Debtors. The Liquidation Analysis illustratively assumes that the existing counsel, advisors and investment bankers, and consultants would be replaced by the Trustee with new professionals.

c) Timing Considerations of Chapter 7 Cases: The Liquidation Analysis assumes the conversion to chapter 7 of the Bankruptcy Code occurs on or about October 18, 2020 (the "Chapter 7 Conversion Date"). The Trustee would require time to hire new advisors and those advisors would require time to get up to speed before a process could begin to liquidate the assets. While the Debtors' oil and gas properties may be sold in several transactions, this analysis assumes that they are all sold by February 18, 2021, four months after the start of the liquidation. An additional two months are assumed for a wind down of the estate. In an actual liquidation, the process and length of wind-down could be significantly longer and more expensive than the amounts assumed herein and thereby significantly reduce the actual recoveries compared to this analysis. For example, the potential for priority, contingent, and other Claims; litigation; rejection costs; and the final determination of Allowed Claims could substantially impact both the timing and amount of the distribution of the asset proceeds to the creditors. Also, a number of factors in a liquidation could affect the Trustee's ability to sell the Debtors' oil and gas assets for their current market value. These risks include if they are forced to halt production for a period of time or lose relationships with vendors, customers, royalty owners and midstream firms. There is risk that the employee base could deteriorate and the Trustee could be challenged to gather appropriate information on the assets for the sales process. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtors were in fact, to undergo such a liquidation and the actual amounts received could be materially different (including materially less) than the amounts shown herein.

d) Trustee Fees for Chapter 7 Administration: The Debtors assume that under a chapter 7 liquidation, the Trustee would require fees necessary to facilitate a sale of the Debtors' business. The illustrative Liquidation Analysis assumes that such fees would be a flat fee of $0.2 million. These fees are assumed to be earned for the Trustee's creation and development of materials for marketing and the facilitation of the solicitation process for the parties, in addition to general administrative expenses, such as Trustee's compensation.

e) Additional Claims: The cessation of the Debtors' business in a chapter 7 liquidation is likely to trigger certain Claims that otherwise would not exist under the proposed Plan. Examples of these kinds of Claims include, but are not limited to, tax liabilities, employee Claims, Claims related to additional rejection of executory contracts (unless specified herein), incremental costs associated with plugging and abandoning liabilities, and litigation Claims. While some of these Claims could be significant, no adjustment has been made for these potential Claims unless specified in the assumptions to the Liquidation Analysis.

Consummation of the Plan Will Provide Greater Value than Under a Hypothetical Liquidation Under Chapter 7 of the Bankruptcy Code

As presented in the illustrative Liquidation Analysis, the Debtors believe that a liquidation of the Debtors' assets under chapter 7 of the Bankruptcy Code would result in reductions in the value to be realized by constituents as compared to the distributions that are contemplated under the Plan. As a result, the Debtors believe that Consummation of the Plan will provide a substantially greater return to constituents than would any liquidation under chapter 7 of the Bankruptcy Code.

Liquidation Analysis	Note	Balance Sheet as of 10/18/2020	Low $	Low %	High $	High %
Gross Liquidation Proceeds:						
Cash & Cash Equivalents	A	$0.1	$0.1	100.0%	$0.1	100.0%
Accounts Receivable - Trade	B	3.4	2.4	70.0%	2.6	75.0%
Prepaid Expenses and Deposits	C	0.5	0.0	0.0%	0.0	10.0%
Property and equipment, net	D	34.2	9.4	27.3%	12.5	36.5%
Other assets, non-current	E	0.3	0.0	0.0%	0.0	10.0%
Total Gross Liquidation Proceeds		**$44.2**	**$11.9**		**$15.2**	
(-)Unencumbered Assets (and as % of Total Proceeds)			0.8	7.1%	1.1	7.4%
Encumbered Assets (and as % of Total Proceeds)			$11.0	92.9%	$14.1	92.6%

Distribution of Encumbered Assets	Note	Claims Estimates	Low $	Low %	High $	High %
1. First Lien RBL	F	$33.7	$11.0	32.7%	$14.1	41.9%
2. Second Lien Term Loan	G	28.0	0.0	0.0%	0.0	0.0%
Total		**$61.7**	**$11.0**		**$14.1**	

Net Liquidation Proceeds from Unencumbered Assets	Note	Claims Estimates	Low $	Low %	High $	High %
Unencumbered Assets			$0.8		$1.1	
Estimated Admin and Priority Claims	H					
Priority tax claims	I	$0.1	$0.1	100.0%	$0.1	100.0%
Net wind-down expenses	J	0.3	0.3	100.0%	0.3	100.0%
Trustee fees	K	0.2	0.1	71.1%	0.2	100.0%
Trustee legal & financial advisors	L	0.5	0.4	71.1%	0.5	100.0%
Total Net Liquidation Proceeds from Unencumbered Assets		**$1.0**	**$0.0**		**$0.1**	

Distribution of Unencumbered Assets	Note	Low	High	Low $	Low %	High $	High %
Value available for Unsecured Claims	M			$0.0		$0.09	
First Lien RBL Deficiency Claims		$22.7	$19.6	$0.0	0.0%	$0.03	0.17%
Second Lien Term Loan Deficiency Claims		28.0	28.0	0.0	0.0%	0.05	0.17%
General Unsecured Claims		8.0	8.0	0.0	0.0%	0.01	0.17%
Total		**$58.7**	**$55.6**	**$0.0**		**$0.09**	

Notes to Liquidation Analysis

A. Cash and Equivalents

- Cash balance is estimated as of October 18, 2020.
- Cash consists of cash in bank accounts and highly liquid investment securities that have original maturities of three months or less.
- The Liquidation Analysis assumes that the Debtors will have access to the cash in its account upon conversion of the cases to chapter 7 of the Bankruptcy Code.

B. Accounts Receivable

- Balances include amounts due for gas production accrued through the Chapter 7 Conversion Date and not yet received from the Debtors' customers.
- These receivables are expected to be highly collectible, but there could be risk that the Debtors' customers could make Claims against the estate in a liquidation and attempt to set off such Claims with the Debtors' receivables.
- The analysis assumes that the Trustee would be able to retain the necessary personnel at the Debtors to assist in calculating and collecting these receivables. If the Trustee did not have sufficient access to capital or, for any other reason, was not able to retain these key personnel, it could negatively impact recovery of these receivables.

C. Prepaid Expenses and Deposits

- Prepaid Expenses primarily consists of vendor payments.
- Most of these assets are generally not expected to be recoverable for distribution under a liquidation scenario.

D. Property and Equipment, Net

- The Liquidation Analysis assumes the Debtors will not be allowed to surcharge the Secured Lenders collateral with respect to the encumbered assets and as such, the Trustee will abandon the encumbered assets and pursue a prompt and broad marketing of the unencumbered assets, with the divestiture directed by a qualified investment bank or firm that specializes in managing oil and gas acquisitions and divestitures. It also assumes the Trustee will not incur additional risk or have access to capital necessary to continue development, drilling, or completion of the oil and gas assets.
- Because the Plan is a liquidating plan, the "liquidation value" in the hypothetical chapter 7 liquidation analysis for purposes of the "best interests" test is assumed to be in range of $9.4 million to $12.5 million, reflecting a 20% to 40% discount on PDP at PV-10.

E. Other Assets, Non-Current

- Other Fixed Assets mainly include Land, Furniture, Fixtures, and Office Equipment
- Most of these assets are generally not expected to be recoverable for distribution under a liquidation scenario.

F. First Lien Lender Claims

- The Debtors estimate that there will be $33.7 million of First Lien Lender claims after accounting for hedge proceeds applied to the outstanding loan balance. The Liquidation Analysis projects an estimated recovery rate of 32.7% to 41.9% for First Lien Lender Claims (excluding any recovery it may receive in respect of any deficiency claim).

G. Second Lien Lender Claims

- The Debtors estimate that there will be $28.0 million of Second Lien Lender claims. The Liquidation Analysis projects no recovery for Second Lien Lender Claims (excluding any recovery it may receive in respect of any deficiency claim).

H. Administrative Claims

- The Liquidation Analysis assumes that upon conversion of the case to chapter 7 of the Bankruptcy Code, the Trustee would cease making all payments for costs incurred before the conversion. This would create Claims which would not be present under the proposed Plan.
- The cessation of the business in a liquidation would likely incur other Claims including contract rejection Claims. No attempt has been made here to value such liabilities.
- The Liquidation Analysis projects that in the Low case, the Debtors would be administratively insolvent.

I. Priority Tax Claims

- The Debtors estimate that there are $0.1 million of Priority Tax Claims on the Chapter 7

Conversion Date.

J. Net Wind-Down Expenses

- The Liquidation Analysis assumes the cessation of profitable business activities upon the conversion of the cases to chapter 7 of the Bankruptcy Code. However, the Trustee is assumed to maintain the assets at a minimal level to preserve their value through the sales process.
- Minimal G&A is assumed throughout the liquidation timeframe.
- The Liquidation Analysis does not assume any severance costs incurred as a result of employee terminations.

K. Trustee Fees

- Assumes that the Trustee will be paid a flat fee of $0.2 million, to the extent that funds are available.

L. Trustee Legal and Financial Advisors

- Professional fees include estimates for certain legal and financial advisory professionals required during the wind-down period.
- These professionals are assumed to be paid $0.5 million, to the extent that funds are available.

M. Unsecured Claims

- The Debtors estimate that in the Low case there will be approximately $58.7 million of General Unsecured Claims, including (i) $22.7 million of First Lien Lender Deficiency Claims, (ii) $28.0 million of Second Lien Lender Deficiency Claims, and (iii) $8.0 million of trade and other unsecured claims. In the Low case, these claims receive no recovery.
- The Debtors estimate that in the High case there will be approximately $55.6 million of General Unsecured Claims, including (i) $19.6 million of First Lien Lender Deficiency Claims, (ii) $28.0 million of Second Lien Lender Deficiency Claims, and (iii) $8.0 million of trade and other unsecured claims. In the High case, these claims receive a recovery of approximately 0.17%.
- The Liquidation Analysis assumes that all Asset Retirement Claims are contingent and unliquidated and receive no recovery.