

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED UNDER 11 U.S.C. §1125 AS CONTAINING ADEQUATE INFORMATION FOR USE IN CONNECTION WITH THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE ATTACHED PLAN OF REORGANIZATION. AFTER ELK PETROLEUM ANETH, LLC AND RESOLUTE ANETH, LLC FILE FOR BANKRUPTCY RELIEF, THEY INTEND TO REQUEST THAT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE APPROVE THE ADEQUACY OF INFORMATION SET FORTH HEREIN AND THE PROCEDURES FOR SOLICITING VOTES TO ACCEPT OR REJECT THE ATTACHED PLAN OF REORGANIZATION.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	§	Chapter 11
ELK PETROLEUM, INC., et al.,	§	Case No. 19-11157 (LSS)
Debtors.¹	§	Joint Administration Requested
	§	

**DISCLOSURE STATEMENT FOR JOINT PLAN OF REORGANIZATION
OF ELK PETROLEUM ANETH, LLC, AND RESOLUTE ANETH, LLC**

WOMBLE BOND DICKINSON (US) LLP

Matthew P. Ward
Delaware Bar No. 4471
Morgan L. Patterson
Delaware Bar No. 5388
1313 North Market Street, Suite 1200
Wilmington, Delaware 19801
Telephone: (302) 252-4320
Facsimile: (302) 252-4330
Email: matthew.ward@wbd-us.com
morgan.patterson@wbd-us.com

NORTON ROSE FULBRIGHT US LLP

Gregory M. Wilkes (*pro hac vice* pending)
Texas Bar No. 24047105
Kristian W. Gluck (*pro hac vice* pending)
Texas Bar No. 24038921
John N. Schwartz (*pro hac vice* pending)
Texas Bar No. 00797397
Shivani Shah (*pro hac vice* pending)
Texas Bar No. 24102710
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Telephone: (214) 855-8000
Facsimile: (214) 855-8200
Email: greg.wilkes@nortonrosefulbright.com
kristian.gluck@nortonrosefulbright.com
john.schwartz@nortonrosefulbright.com
shivani.shah@nortonrosefulbright.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

Dated: May 22, 2019

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Elk Petroleum, Inc. (8606), Elk Petroleum Aneth, LLC (4449), Resolute Aneth, LLC (0729), and Elk Operating Services, LLC (3197). The address of the Debtors' headquarters is: 1700 Lincoln, Suite 2550, Denver, CO 80203.

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EXHIBITS

- Exhibit A Joint Plan of Reorganization of Elk Petroleum Aneth, LLC and Resolute Aneth, LLC
- Exhibit B Restructuring Support Agreement, as amended and restated (and exhibits thereto)
- Exhibit C Liquidation Analysis
- Exhibit D Financial Projections

I. Summary.

On or around May 22, 2019 (the “Petition Date”), Elk Petroleum Aneth, LLC (“Aneth”), Resolute Aneth, LLC (“Resolute,” and, together with Aneth, the “Plan Debtors” or the “Borrowers”), Elk Operating Services, LLC (“EOS”), and Elk Petroleum, Inc. (“EPI,” and together with EOS and the Plan Debtors, collectively, the “Debtors”) intend to file voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

As of the Petition Date, the Borrowers are indebted to (a) AB Co-Invest Elk Holdings LLC with respect to certain unsecured loan agreements that are in default; and (b) AB Elk Holdings LLC, Riverstone Credit Partners - Direct, L.P., Riverstone Credit Partners II - Direct, LP, Riverstone Strategic Credit Partners S, L.P., and Riverstone Strategic Credit Partners A-2 AIV, L.P. (collectively with AB Co-Invest Elk Holdings LLC, the “Supporting Holders”) under various secured loan agreements that are in default. On May 10, 2019, the Debtors and the Supporting Holders entered into that certain Restructuring Support Agreement (the “RSA”),² which contains the materials terms of the restructuring of the Debtors’ indebtedness with the Supporting Holders pursuant to a plan of reorganization under chapter 11 of the Bankruptcy Code.³ After agreeing on the terms of a restructuring, as set forth in the RSA, the Debtors and the Supporting Holders negotiated and agreed on a form of a plan of reorganization, which is set forth in the *Joint Plan of Reorganization of Elk Petroleum Aneth, LLC and Resolute Aneth, LLC*, as amended or modified from time to time, annexed to the Disclosure Statement as Exhibit A (the “Plan”).

Pursuant to the Plan, the secured indebtedness held by the Supporting Holders will be paid in cash, satisfied through take-back paper or exchanged for ownership interests in the Reorganized Debtors. Supporting Holders who hold unsecured debt against the Debtors have agreed that no distribution will be made on account of such claims.⁴ To facilitate the restructuring, certain of the Supporting Holders have agreed to provide the Debtors with debtor-in-possession financing. This financing and certain other plan payments, including the repayment of certain of the Supporting Holders’ secured indebtedness, will be paid from the proceeds of the Exit Facility, which is the new loan facility that the Plan Debtors will obtain in order to satisfy those obligations and fund future operations of the Reorganized Debtors.

Although the indebtedness of the Supporting Holders will be restructured, the Plan provides that the debts of certain other creditors of the Plan Debtors will be paid in full, to the extent that the Reorganized Debtors agree to the amounts of those debts or resolve any disputes through the Bankruptcy Court. In addition, if the Bankruptcy Court confirms the Plan, the Plan Debtors will assume the executory contracts and unexpired leases of the Plan Debtors that will be identified through procedures established by the Bankruptcy Court. Finally, under the Plan, the ownership interests that EPI owns in Aneth will be cancelled, and causes of action of the Plan

² A true and correct copy of the RSA is attached hereto as Exhibit B.

³ The RSA was amended and restated on May 22, 2019.

⁴ For the avoidance of doubt, and except as explicitly set forth in the Plan or this Disclosure Statement, Riverstone does not waive its recovery on account of any potential deficiency claim arising in connection with its First Lien Credit Agreement Claims.

Debtors (other than certain causes of action that are released under the Plan) will be assigned to a trust, which will liquidate those causes of action and distribute the proceeds according to the bankruptcy priority scheme.

II. Purpose of Disclosure Statement.

The Plan Debtors prepared this Disclosure Statement in connection with solicitation of votes for acceptance of the Plan. This Disclosure Statement is intended to provide adequate information of a kind, and in sufficient detail, to enable the Plan Debtors' creditors to make an informed judgment about the Plan, including whether to accept or reject the Plan. The Plan Debtors solicited the votes of the Supporting Holders before the Petition Date, and although the Plan Debtors do not believe that their other creditors are entitled to vote on the Plan (because their debts will not be affected), the Disclosure Statement contains sufficient information to enable other creditors of the Plan Debtors to understand the impact of the Plan, so that they can determine whether to object to the Plan pursuant to procedures that are established by the Bankruptcy Court.

Following commencement of the Chapter 11 Cases, the Plan Debtors will seek confirmation of the Plan on June 27, 2019, or such other date as may be set by the Bankruptcy Court.

The Disclosure Statement is intended to be a summary of information regarding the Plan Debtors. Information contained herein has been derived from the Plan Debtors' books and records; however, the Disclosure Statement has not been audited. Additional background information about the Plan Debtors and these Chapter 11 Cases, including the Schedules and Statements of Financial Affairs (which contain relevant information about the Plan Debtors' pre-bankruptcy financial condition), may be found at <http://cases.stretto.com/elkpetroleum>.

Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan. In some instances, a term that is used only in a specific Section will be defined only in that Section.

To the extent that the information provided in this Disclosure Statement and the Plan (including any attached exhibits and Plan Supplements) are in conflict, the terms of the Plan (including any attached exhibits and Plan Supplements) will control.

Creditors should refer only to this Disclosure Statement and the Plan to determine whether to vote to accept or reject the Plan.

The Plan incorporates extensive negotiations among the Debtors and the Supporting Holders. The Plan Debtors believe that approval of the Plan is in the best interests of the Plan Debtors' creditors, interest holders, employees, and the general public that the Plan Debtors serve.

Creditors may request additional copies of this Disclosure Statement from Stretto (the "Voting Agent") at Teamelkpetroleum@stretto.com.

Pursuant to the Bankruptcy Code, only creditors and interest holders entitled to vote on the plan who actually vote on the Plan will be counted for purposes of determining whether the required number of acceptances have been obtained. Failure to deliver a *properly completed* ballot by the Voting Deadline (as defined below) will result in an abstention, and consequently, the vote will neither be counted as an acceptance or rejection of the Plan.

III. Voting Procedures.

A. Parties Entitled to Vote on the Plan

Only holders of claims against or equity interests in a chapter 11 debtor that are in “impaired” (as defined in section 1124 of the Bankruptcy Code) classes are entitled to vote on a plan. Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be “impaired” under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of a claim or equity interest in an impaired class will not receive or retain any distribution under a plan on account of such claim or equity interest, section 1126(g) of the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, all such holders do not actually vote on the plan. If a class of claims or equity interests is not impaired by the plan, section 1126(f) of the Bankruptcy Code conclusively presumes the holders in such class to have accepted the plan and, accordingly, such holders are not entitled to vote on the plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Bankruptcy Code defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the claims that cast ballots for acceptance or rejection of the plan, in each case, not counting the vote of any holder designated under section 1126(e) of the Bankruptcy Code. The Bankruptcy Code defines “acceptance” of a plan by a class of equity interests as acceptance by holders in that class that hold at least two-thirds (2/3) in amount of the equity interests that cast ballots for acceptance or rejection of the plan, in each case, not counting the vote of any holder designated under section 1126(e) of the Bankruptcy Code.

The Plan Debtors are soliciting the votes of the Holders of Claims in Aneth Classes 3 and 4 and Resolute Classes 3 and 4, which comprise Revolving Facility Credit Agreement Claims and First Lien Credit Agreement Secured Claims (each a “Voting Party,” and together, the “Voting Parties”). On information and belief, the Voting Parties will include less than ten legal entities.

If the Plan is not accepted by the Voting Parties, the Plan Debtors may seek alternatives to the consummation of the Restructuring pursuant to the Plan. If the Claim or Interest you hold are not in one of those Classes, you are not entitled to vote, and thus, you will not receive a ballot from the Voting Agent.

Please refer to information provided with the ballot in the Solicitation Package sent to you by the Voting Agent for further detailed voting instructions. Holders of Claims and Interests that are entitled to vote should read the ballot provided by the Voting Agent and follow the accompanying instructions carefully.

The Voting Agent will facilitate the solicitation and voting process. If you have any questions regarding voting procedures and your eligibility to vote to accept or reject the Plan or if you need additional copies of documents included in the Solicitation Package, please contact the Voting Agent at 855-812-6112 or via email at Teamelkpetroleum@stretto.com. Additionally, creditors or other interested parties can view or download copies of the Disclosure Statement and Plan at <http://cases.stretto.com/elkpetroleum>.

B. Voting Deadline

Before deciding whether to vote to accept or reject the Plan, each Voting Party as of May 20, 2019 (the "Voting Record Date") should carefully review this Disclosure Statement, including the exhibits hereto. Each Voting Party is advised to follow the instructions in their Ballot carefully. All descriptions of the Plan set forth in this Disclosure Statement are subject to, and qualified in their entirety by reference to, the Plan.

Ballots will be provided to the Voting Parties as of the Voting Record Date to vote to accept the Plan (including the Releases) or reject the Plan (and/or opt out of the Releases).

BALLOTS CAST BY HOLDERS OF CLAIMS AND/OR INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT AT THE ABOVE EMAIL ADDRESS BY MAY 22, 2019 AT THE TIME SET FORTH IN THE BALLOTS (THE "VOTING DEADLINE"). THE PLAN DEBTORS RESERVE THE RIGHT TO DECIDE WHETHER OR NOT TO COUNT BALLOTS RECEIVED BY THE VOTING AGENT AFTER THE VOTING DEADLINE.

Please note that if the instructions on your ballot require you to return the ballot to your agent, financial institution, broker, or other nominee, or to their agent, you must deliver your ballot to the relevant party in sufficient time for the designated party to process the ballot and return it to the Voting Agent before the Voting Deadline. If a ballot is damaged or lost, you may contact the Voting Agent to request another ballot. Any ballot received by the Voting Agent which does not indicate an acceptance or rejection of the Plan will not be counted.

C. Submission of the Completed Ballot

The Debtors are providing copies of this Disclosure Statement and the documents attached hereto to the Voting Parties. Voting Parties should provide all of the information requested by its Ballot, complete all items in its Ballot in accordance with the instructions set

forth therein, and return the Ballot directly to the Voting Agent in accordance with the instructions contained therein on or before the Voting Deadline.

All materials in the Ballot must be signed by the Voting Party or any person who holds a properly completed proxy from such Voting Party of record on such date.

ANY BALLOT THAT IS NOT RETURNED TO THE VOTING AGENT IN CONFORMITY WITH THE INSTRUCTIONS PROVIDED IN THE APPLICABLE BALLOT WILL NOT BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN. DELIVERING TO THE VOTING AGENT AN OTHERWISE PROPERLY COMPLETED BALLOT THAT IS NOT APPLICABLE TO YOUR CLASS WILL NOT BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN. ANY BALLOT THAT IS EXECUTED AND RETURNED, BUT WHICH DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL, IN EACH CASE, NOT BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN. ANY BALLOT THAT IS EXECUTED AND RETURNED THAT REJECTS THE PLAN, BUT DOES NOT AFFIRMATIVELY OPT OUT OF THE RELEASES DESCRIBED IN THE PLAN, SHALL BE DEEMED TO HAVE ACCEPTED THE RELEASE PROVISIONS SET FORTH IN THE PLAN. THE PLAN DEBTORS, IN THEIR SOLE DISCRETION, MAY REQUEST THAT THE VOTING AGENT ATTEMPT TO CONTACT SUCH VOTING PARTY TO CURE ANY DEFECTS IN THE BALLOT. THE FAILURE TO VOTE ON THE PLAN DOES NOT CONSTITUTE A VOTE TO ACCEPT OR REJECT THE PLAN.

1. Fiduciaries and Other Representatives

If the applicable Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another person acting in a fiduciary or representative capacity, such person should indicate such capacity when signing and, if requested, must submit proper evidence satisfactory to the Plan Debtors of authority to so act. Authorized signatories should submit the separate Ballot of each Holder for whom they are voting.

2. Change of Vote

Any party that has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent, properly completed Ballot.

D. Waivers of Defects, Irregularities, etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawals of Ballots will be determined by the Voting Agent and/or the Plan Debtors in their sole discretion, which determination will be final and binding. The Plan Debtors reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Plan Debtors or its counsel, as applicable, be unlawful. The Plan Debtors further reserve their right to waive any defects or irregularities or conditions of delivery as to any particular Ballot by any Voting Party. The interpretation (including the Ballot and the respective instructions thereto) by the Plan

Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Plan Debtors (or the Bankruptcy Court, as applicable) determines. Neither the Plan Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

IV. Background Information of the Debtors.

A. Overview of the Debtors' Business.

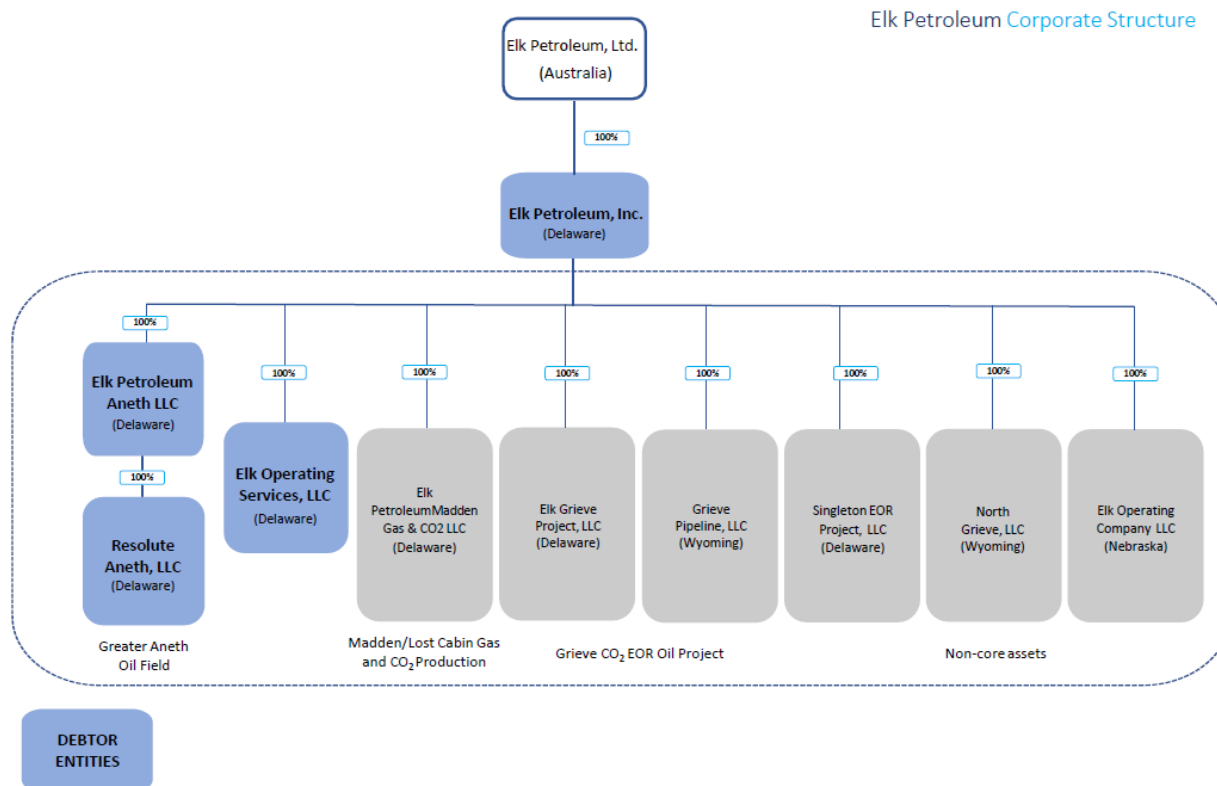
1. The Debtors' Business Operations.

The Debtors, headquartered in Denver, Colorado, operate an oil and natural gas business that specializes in applying established enhanced oil recovery ("EOR") technologies to mature oil fields, focused primarily in the Rocky Mountain region. The Debtors' business focuses on the secondary and tertiary recovery phases of oil and gas production, which involves rejuvenating and redeveloping mature oil fields by using well-established EOR technologies to extend the commercial life of an otherwise depleted oil reservoir. The various EOR technologies consist of: water injection, gas injection, chemical injection, thermal processes, and other less conventional methods. In addition to waterflood techniques, the Debtors use gas injection EOR technology to inject carbon dioxide ("CO₂") into an oil reservoir at such pressure and temperature conditions where the CO₂ and remaining oil become miscible with each other and act as one phase. This enables previously immobile oil reserves to flow again, possibly producing oil at levels obtained from the reserve in the primary phase of a field's development. This method of oil production produces half the national EOR production (approximately 5% of total oil produced). The Debtors' three core oil and natural gas assets are the Greater Aneth Oil Field, the Madden/Lost Cabin Gas Plant, and the Grieve Oil Field Project. The only operations conducted by a Debtor are those at the Greater Aneth Oil Field.

The Debtors' fields are the result of various, consolidated units of mineral or leasehold interests to unify the development, production, and operation for that area. Accordingly, each field is an amalgamation of numerous oil and gas leases. In order to ensure the efficient production, operation, and management of each field, the relevant entities are parties to unit operating agreements (each a "UOA") with the relevant working interest owners for each field.

2. The Debtors' Corporate Structure.

The following chart illustrates the Debtors corporate ownership structure.



a. EPI.

EPI is an independent energy holding company incorporated under Delaware law, whose operations are conducted through its various wholly-owned subsidiaries. EPI is wholly-owned by Elk Petroleum, Limited (“EPL”), a non-debtor that is an Australian entity publicly traded on the Australian Securities Exchange (the “ASX”) and has also issued a total of \$65,000,000 in preferred equity.

On May 15, 2019, EPL commenced a voluntary administration, Australia’s version of a chapter 11 process, by appointing two administrators to assess EPL (the “Administrators”), its operations, and the appropriate strategy going forward. The Debtors’ advisors have been in communication with the Administrators regarding the process set forth herein. Importantly, notwithstanding the appointment of the Administrators, the Debtors’ officers and directors, including the Debtors’ two independent directors, remain in their respective positions with respect to the Debtors and are in control of the Debtors’ operations as of the Petition Date.

b. Plan Debtors.

Aneth, a Debtor, is a Delaware limited liability company and wholly-owned subsidiary of EPI. Aneth’s primary asset is its 100% ownership interest in its wholly-owned subsidiary, Resolute, a Delaware limited liability company.

Resolute, in turn, owns an approximate 63% operating working interest in the Greater Aneth Oil Field, one of the largest CO2 EOR projects in the Rocky Mountains. The Greater

Aneth Oil Field, discovered in 1956, is comprised of three contiguous operating units: the McElmo Creek Unit, the Aneth Unit, and the Rutherford Unit. The Greater Aneth Oil Field, which covers over 48,000 acres on Navajo Nation lands in southeastern Utah, is the largest oil field in the Paradox Basin and produces oil and small amounts of gas from carbonate reservoir rocks in an extensive stratigraphic trap from the Desert Creek zone of the Pennsylvanian (Carboniferous) Paradox Formation. The remaining working interest in the Greater Aneth Oil Field is primarily held by Navajo Nation Oil and Gas Company, with a number of third parties holding nominal working interests. The Debtors maintain a positive and cooperative working relationship with Navajo Nation Oil and Gas Company and the Navajo Nation concerning the ongoing operations of the Greater Aneth Oil Field and intends to continue this positive relationship during and after the proposed restructuring.

Resolute acquired the rights to the Greater Aneth Oil Field from Resolute Energy Corporation, Hicks Acquisition Company I, Inc., and Resolute Natural Resources Company, LLC on or about November 6, 2017.

c. EOS.

EOS, a Delaware limited liability company and wholly-owned subsidiary of EPI, provides operating services only to the Plan Debtors and provides certain other non-operating services to EPI's non-debtor subsidiaries. All of the Debtors' employees are employed by EOS. EOS is also the operator of record for each individual unit that makes up the Greater Aneth Oil Field pursuant to three separate UOAs assigned to EOS as a part of the purchase of the working interest in the Greater Aneth Oil Field.

d. Non-Debtors.

In addition to Aneth, EPI wholly owns the following non-debtor subsidiaries:

- **Elk Grieve Project, LLC** (the "Project Company"), a non-debtor, is a Delaware limited liability company with an approximate 49% non-operating working interest in the CO2 EOR project at the Grieve Unit in Natrona County, Wyoming (the "Grieve Oil Field Project"). The Grieve Oil Field Project includes 24 active wells, 10 oil production wells, 10 CO2 or water injection wells, three dual purpose wells, two injector wells, one production well, and one water source well. The Grieve Oil Field Project redevelopment cost was part of a fixed price turnkey project agreement between the Project Company and its joint venture partner and operator Denbury Onshore, LLC ("Denbury"). The Grieve Oil Field Project was commissioned and began production on April 17, 2018.
- **Grieve Pipeline, LLC** (the "Pipeline Company," and with the Project Company, the "Grieve Companies"), a non-debtor, is a Wyoming limited liability company that is a 100% owner and operator of a 32-mile, eight-inch diameter steel oil pipeline (the "Grieve Pipeline") that extends from the Grieve Oil Field Project to a receiving station at the Platte Pipeline Company, LLC oil storage facility near Casper, Wyoming. Denbury and the Pipeline Company entered into an oil

transportation agreement to use the pipeline to transport its share of the Grieve Oil Field Project oil to Casper at a rate of \$3 per barrel on 100% production.

- **Elk Petroleum Madden Gas & CO₂, LLC** (“Elk Madden”), a non-debtor, is a Delaware limited liability company with a non-operating working interest in the Madden Deep Unit, better known as the Madden/Lost Cabin Gas Plant (“Madden”). Madden produces natural gas, sulfur, and CO₂ which is primarily transported by rail to supply the fertilizer market in Tampa, Florida with the remainder transported to a local fertilizer plant located in southwestern Wyoming. Burlington Resources Oil & Gas, a limited partnership of ConocoPhillips, is the operator of record for Madden.
- **Elk Operating Company, LLC** (“EOC”), a non-debtor, is a Nebraska limited liability company with no assets.
- **Singleton EOR Project, LLC** (“Singleton”), a non-debtor, is a Delaware limited liability company with no assets.
- **North Grieve, LLC** (“North Grieve,” together with EPL, the Grieve Companies, Madden, EOC, and Singleton, the “Non-Debtors”), a non-debtor, is a Wyoming limited liability company that is the owner of the non-operating North Grieve pipeline.

The Non-Debtors have no subsidiaries.

B. The Debtors’ Prepetition Capital Structure.

1. The Aneth Secured Debt and Related Agreements.

To fund the purchase price to acquire the Greater Aneth Oil Field from Resolute, EPI and Aneth entered into a series of debt and equity transactions, as described more fully below.

a. First Lien Credit Agreement.

On November 6, 2017, Aneth entered into a Term Loan Credit Agreement (as amended, supplemented, restated and otherwise modified from time to time, the “First Lien Credit Agreement”), with HPS Investment Partners, LLC, as administrative agent (“HPS”), to obtain a fully secured loan in an aggregate principal amount of \$98,000,000 secured by all property of Aneth, whether real, personal or mixed, or tangible or intangible, owned at the time of execution or acquired thereafter. As a condition precedent to the execution of the First Lien Credit Agreement, EPI executed a Limited Recourse Guaranty Agreement (“EPI Term Loan Guaranty”) to satisfy the liabilities and obligations incurred under the First Lien Credit Agreement. Recourse pursuant to the EPI Term Loan Guaranty is limited to foreclosure of EPI’s equity interest in Aneth, except that EPI is liable without limit for any loss, damage, cost, or expense resulting from EPI’s fraud or willful misconduct and for enforcement costs resulting therefrom. Finally, through the execution of the Guaranty and Collateral Agreement and certain mortgages, deeds of trust, or other collateral documents (“together with the First Lien Credit Agreement and the EPI

Term Loan Guaranty, collectively, the “First Lien Credit Facility”), Resolute provided a guarantee as well as a security interest in all of its present and after-acquired assets.⁵

On June 13, 2018, HPS funded an additional \$24,000,000 of loans under the First Lien Credit Agreement pursuant to the First Amendment thereto. The additional \$24,000,000 funded was to be used in strict accordance with Schedule 7.22 to the First Amendment. As of the Petition Date, AB Elk Holdings LLC is the current administrative agent under the First Lien Credit Agreement. As of the Petition Date, approximately \$114,000,000 in principal is outstanding under the First Lien Credit Facility.

b. Revolving Facility Credit Agreement.

In addition to the First Lien Credit Facility and PSA (as defined below), Aneth entered into the Senior Revolver Loan Agreement dated November 6, 2017 (as amended, supplemented, restated and otherwise modified from time to time, the “Revolving Facility Credit Agreement,” and together with the First Lien Credit Agreement, the “Credit Agreements”), with CrossFirst Bank (“CrossFirst”) establishing a senior secured first out revolving line of credit in the maximum principal amount of \$20,000,000 secured by a first priority mortgage lien, pledge of and security interest in the value of the producing oil, gas, and other leasehold and mineral interests of Aneth with respect to the Greater Aneth Oil Field.

Similar to the First Lien Credit Facility, as a condition precedent to the execution of the Revolving Facility Credit Agreement, EPI also provided a guarantee to satisfy the liabilities and obligations incurred under the Revolving Facility Credit Agreement. As with the EPI Term Loan Guaranty, however, the Limited Recourse Guaranty Agreement dated November 6, 2017 (the “EPI Revolver Loan Guaranty”). Recourse pursuant to the EPI Revolver Loan Guaranty is limited to foreclosure of EPI’s equity interest in Aneth, except that EPI is liable without limit for any loss, damage, cost, or expense resulting from EPI’s fraud or willful misconduct and for enforcement costs resulting therefrom. Finally, through the execution of the Guaranty and Collateral Agreement dated November 6, 2017 and certain mortgages, deeds of trust, or other collateral documents (together with the Revolving Facility Credit Agreement and EPI Revolver Loan Guaranty, collectively, the “Revolving Credit Facility”), Aneth and Resolute provided a guarantee as well as a security interest in all their present and after-acquired assets.⁶

AB Elk Holdings LLC is the current lender of record under the Revolving Credit Facility, having acquired the debt from CrossFirst. Approximately \$14,500,000 in principal is outstanding under the Revolving Credit Facility as of the Petition Date.

c. Preferred Stock Purchase Agreement.

Finally, EPI entered into the Preferred Stock Purchase Agreement dated November 6, 2017 (the “PSA”) with AB Elk Holdings LLC (“AB Elk Holdings”), pursuant to which EPI issued and sold preferred stock (the “Preferred Stock”) to fund the remaining portion of the purchase price for acquiring the Greater Aneth Oil Field. AB Elk Holdings purchased shares of

⁵ Aneth’s obligations under the First Lien Credit Agreement are also guaranteed on an unlimited basis by EPL.

⁶ Aneth’s obligations under the Revolving Facility Credit Agreement are also guaranteed on an unlimited basis by EPL.

Series A Preferred Stock for an aggregate purchase price of \$15,000,000 and shares of Series B Preferred Stock for an aggregate purchase price of \$40,000,000. LIM Asia Special Situations Master Fund Limited (“LIM”) also purchased shares of Series A Preferred Stock for an aggregate purchase price of \$10,000,000. Thereafter, on December 20, 2017, pursuant to the Preferred Stock Issuance and Repurchase Agreement, AB Elk Holdings sold \$5,000,000 of the Series B Preferred Stock it had purchased to EPI, which, in turn, issued and sold \$5,000,000 of the Series A Preferred Stock to ACR Multi-Strategy Quality Return (MQR) Fund, A Series of Investment Management Series Trust II (“ACR”) and Fulcrum Energy Capital Fund II, LLC (“Fulcrum”). A total of \$65,000,000 in preferred equity was raised by EPI in connection with EPA’s acquisition of the Greater Aneth Oil Field.

d. BP ISDA.

As permitted under the First Lien Credit Facility and the Revolving Credit Facility, EPA and BP Energy Company (“BP”) executed ISDA Master Agreement dated November 6, 2017 (as amended and supplemented from time to time, the “BP ISDA”). The BP ISDA provided Aneth with the ability to hedge future sale prices and basis differentials on production. All of the obligations arising in connection with the BP ISDA are secured obligations of the Plan Debtors pursuant to the EPA Revolver Loan Security Documents and the Pari Passu Intercreditor Agreement (the “Pari Passu Intercreditor Agreement”) and the Swap Intercreditor Agreement (the “Swap Intercreditor Agreement”). As of May 21, 2019, the mark to market value of outstanding hedge obligations owed to BP is approximately \$29,190,234.

2. EPI Guaranty Obligations.

In order to finance the construction, development, and commission of the Grieve Oil Field Project, BSP Agency, LLC (“BSP”), as administrative agent, provided secured term loans to certain of EPI’s non-debtor subsidiaries, Elk Grieve Project, LLC and Grieve Pipeline LLC, (the “Grieve Credit Facility”) in an aggregate principal amount not to exceed \$58,000,000. EPI agreed to guarantee the Grieve Credit Facility through the execution of the Guaranty Agreement dated August 5, 2016. As of the Petition date, approximately \$54,375,000 in an initial principal amount is outstanding under the Grieve Credit Facility.

As noted above, EPI has also guaranteed the First Lien Credit Facility and the Revolving Credit Facility.

3. Other Unsecured Debt Obligations.

On February 11, 2019, pursuant to the Exchange Agreement, dated February 8, 2019 (the “Exchange Agreement”), by and among EPI, Aneth, AB Elk Holdings and AB Co-Invest Elk Holdings LLC (together with AB, the “AB Parties”), the AB Parties exchanged their Series A and Series B Preferred Stock for warrants to purchase common stock of EPI (the “Warrants”) and a new unsecured term loan at Aneth (the “Unsecured Term Loan”). As of the Petition Date, approximately \$54,987,794.24 in principal amount is outstanding.⁷

⁷ Following the closing of the transactions contemplated by the Exchange Agreement, LIM, ACR, and Fulcrum were the holders of all outstanding shares of Series A Preferred Stock (and no shares of Series B Preferred Stock were

On May 20, 2019, LIM, ACR, and Fulcrum filed a suit in the Delaware Chancery Court against EPI, Bradley William Lingo (former director of EPI), David Evans (current director of EPI), James Piccone (former director of EPI), and the AB Parties requesting relief, including, but not limited to, specifically enforcing the never consummated exchange transaction, voiding the Exchange Agreement with the AB Parties, or for damages in an amount to be proven at trial. The Plan Debtors were not named as defendants in this lawsuit.

With respect to unsecured trade obligations, the Debtors have generally been paying these debts as they became due. As of the Petition Date, the Debtors owed less than \$5,000,000 in lease operating expenses (which will need to be paid in the ordinary course of business in order to prevent statutory liens from being filed against the Debtors' assets), and the Debtors estimate that any other outstanding unsecured trade obligations are not significant. The Debtors have been paying all trade vendors in the ordinary course of business and are substantially current with respect to the Debtors' trade obligations.

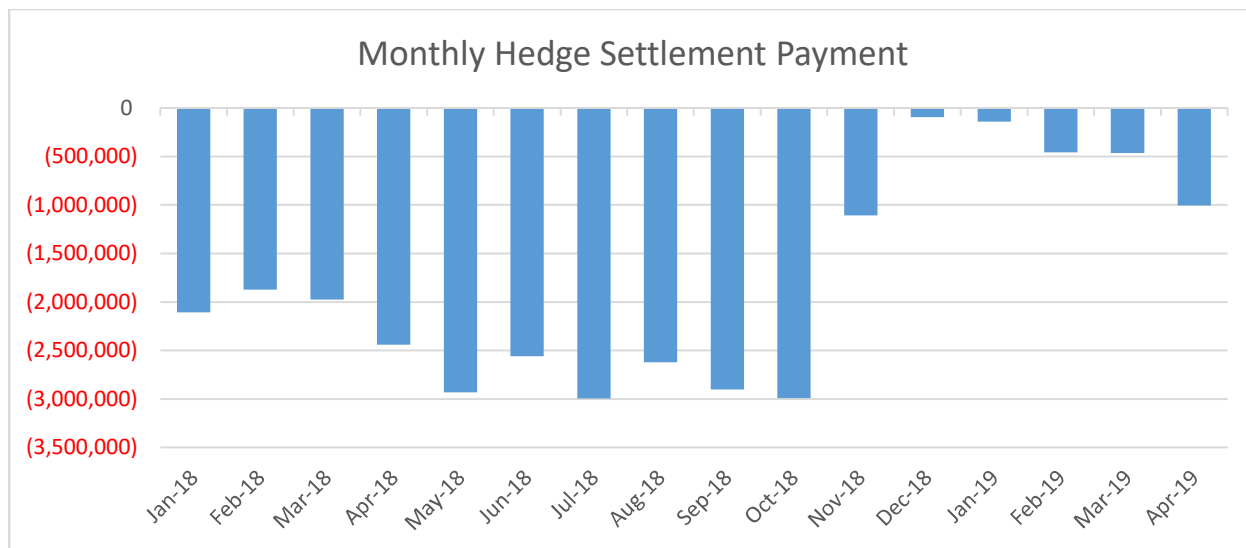
C. Events Leading to Bankruptcy.

1. The Inherent Risk in the Oil and Gas Industry and EOR Projects.

The Debtors' ambitious endeavors to acquire multiple oil and gas assets outpaced the Debtors' balance sheet, and in certain respects, performance of the operated and non-operated assets failed to meet initial expectations. The acquisition of the Greater Aneth Oil Field over-levered the Debtors' assets, resulting in the need to refinance those obligations almost immediately. The Debtors' Credit Agreements contractually limit the amount of cash flow that could be used to fund general and administrative expenses at EPL, EPI, and other non-Aneth Debtors. Moreover, while EPL repeatedly assured the Debtors it would obtain and provide the Debtors the necessary capital contribution to adequately supplement these expenses, such funding was never received.

In an effort to achieve more predictable cash flows and reduce exposure to downward price fluctuations, the Debtors entered into hedge obligations under the BP ISDA to hedge future sales prices and basis differentials on production. However, the Debtors were unable to capture the financial benefits of the improving commodity price environment due to their hedge obligations under the BP ISDA. Pursuant to the BP ISDA, the Debtors hedged eighty (80) percent of the projected proved developed reserves (the "PDP") at a price much lower than subsequent realized spot and settlement prices as depicted in the following chart:

outstanding). EPI prepared and provided to LIM, ACR, and Fulcrum, preliminary draft transaction documents regarding a potential exchange of the remaining shares of Series A Preferred Stock on substantially the same terms as contained in the Exchange Agreement and the parties engaged in good faith negotiations. Ultimately, EPI did not finalize and enter into a definitive agreement on terms of the proposed exchange, or consummate an exchange transaction. As a result, none of the other holders of Series A Preferred Stock were exchanged.



Therefore, the Debtors only obtained the benefit of increased oil prices from volumes above eighty (80) percent of forecasted PDP, the unhedged volumes. Additionally, impacting revenues, production shortfalls in the second and third quarter of 2018 meant that highly profitable unhedged production fell short of expectations. As of the Petition Date, the Debtors' estimated fair value of their commodity derivative contracts was a negative asset of approximately \$29,190,234, thus offsetting almost all benefit an improved oil pricing environment may have provided.

The Debtors believed that the commission of the Grieve Oil Field Project would provide cash flow to help offset the general and administrative liabilities incurred. Unfortunately, the Grieve Oil Field Project has not yet produced at the projected levels. As of the Petition Date, costs of operations continue to exceed revenues, requiring continual funding instead of providing cash flow. The Grieve Oil Field Project contributed to the Debtors growing liquidity problems.

The Debtors' overly complex capital structure and lack of timely refinancing efforts limited and, ultimately, prevented any opportunity to refinance the various debt obligations. In the fall of 2018, EPL engaged RBC Capital Markets ("RBC") to source a reserve-based loan to reduce the obligations under the First Lien Credit Agreement. Due to the complex balance sheet and current debt load, EPL and RBC's efforts were unsuccessful. In February 2019, in conjunction with the Unsecured Term Loan, Stephens Investment Bank, the AB Parties' financial advisors, assisted the Debtors in their renewed efforts to source a reserved-based loan. Of the fifty potential loan parties approached, fifteen parties expressed interest. Again, however, the expressed interest failed to materialize into a new facility due to the Debtors' complex balance sheet and debt load.

2. The Debtors' Defaults Under Their Secured Debt Obligations.

On December 10, 2018, HPS notified Aneth of the occurrence of certain "Events of Default" under the First Lien Credit Agreement, including an "Event of Default" resulting from Aneth's entry into transactions with affiliates in violation of the First Lien Credit Agreement. Given this allegation by HPS, Aneth retained Opportune LLP ("Opportune") to perform a cash

flow forensic analysis review to reconcile historical cash transfers between the Debtors. EPI, EOS, and Resolute between November 6, 2017, the timing of the initial funding of the First Lien Credit Agreement, and December 2018. Opportune's analysis indicated that through November 30, 2018, approximately \$19,600,000 of Aneth payments to affiliates, including EPI, were made in violation of the First Lien Credit Agreement, including a \$3,600,000 cure payment to BSP for debt violations under the Grieve Credit Facility.

On January 17, 2019, CrossFirst notified Aneth of the occurrence of certain "Events of Default" under the Revolving Facility Credit Agreement, including an "Event of Default" resulting from Aneth's entry into transactions with affiliates in violation of the Revolving Facility Credit Agreement.

On January 18, 2019, AB Elk Holdings acquired one hundred percent of HPS's rights, title, interests, and obligations under the First Lien Credit Facility. On the same day, EPL, EPI, Aneth, Resolute, and AB Elk Holdings, as administrative agent for the lenders, entered into that certain Forbearance to Term Loan Credit Agreement, pursuant to which EPL, EPI, Aneth, and Resolute acknowledged the occurrence and continuation of the certain "Events of Default" under the First Lien Credit Agreement and AB Elk Holdings temporarily forbearing from accelerating the maturity of the First Lien Credit Agreement, foreclosing on any collateral, or any other exercise of default remedies through January 31, 2019. Those "Events of Default" include, among others: (i) Aneth's entry into transactions with affiliates; (ii) Aneth's designation of EOS as operator of the Greater Aneth Oil Field instead of Resolute; and (iii) EPA's use of the \$24,000,000 funded by HPS for purposes other than those listed on Schedule 7.22 to the First Amendment. This period of forbearance was later extended through March 31, 2019, and expired according to its terms on that date.

3. The Restructuring Support Agreement.

As the Debtors' liquidity position progressively tightened, the Debtors engaged in extensive arms' length discussions with the Supporting Holders around the terms for an agreed upon path, either through a comprehensive out of court Recapitalization (as defined in the RSA), or through a formal in-court restructuring process. EPL led the Recapitalization efforts on behalf of the Debtors that, if successful, could have resulted in the out-of-court restructuring and recapitalization of the Debtors and the Non-Debtors. Pursuant to the RSA, the terms of the Recapitalization were required to be acceptable to the Supporting Holders and the Debtors, each in their sole discretion. To provide initial liquidity to EPL to assist its efforts to facilitate a Recapitalization, notwithstanding the events of default under the Credit Agreements with respect to the Plan Debtors, on or about April 18, 2019, the AB Parties permitted the transfer of \$250,000 from Aneth to EPL pursuant to an intercompany loan.

On May 10, 2019, the Debtors and the Supporting Holders executed the RSA. That same day, the AB Parties provided EPL and the Debtors with a Filing Notice (as defined in the RSA) that EPL failed to provide the AB Parties with documentation demonstrating that sufficient progress has been made with respect to the Recapitalization and declining to permit Aneth to loan any further amounts to EPL in respect of the Recapitalization. The Debtors therefore worked to implement their reorganization through the Plan, which was negotiated in accordance with the RSA (as amended and restated on May 22, 2019).

V. Overview of the Plan.

In general, the restructuring of the Plan Debtors through the implementation of the Plan will be accomplished through the following transactions:

- The current Interests that EPI owns in Aneth will be cancelled.
- The Plan Debtors will be restructured, and it is anticipated that the Reorganized Aneth will be the parent of the Reorganized Resolute. (A detail explanation of these transactions and the ownership structure of the Reorganized Debtors will be set forth in the Plan Supplement.)
- Reorganized Aneth will be owned by AB Elk Holdings, and certain of the Supporting Holders will receive a combination of distributions from the proceeds of the Exit Facility and unsecured take-back debt on account of their secured claims against the Debtors. These cash payments, the unsecured take-back debt and the New Equity Interests in Reorganized Aneth will satisfy the secured Supporting Holders' Secured Claims against the Plan Debtors. The unsecured claims of the Supporting Holders will receive no distribution under the Plan.
- Classes that are entitled to priority, including Administrative Expense Claims, Fee Claims, the DIP Claims, Priority Tax Claims, and Priority Non-Tax Claims, will be paid in full or will receive such other treatment as agreed to by the holders of such Claims.
- Other Secured Claims will be Unimpaired under the Plan and will be cured and reinstated pursuant to section 1124(2) of the Bankruptcy Code or will receive such other treatment to render such Allowed Claim Unimpaired. Specifically, the Plan Debtors will cure and reinstate the Hedging Obligations and render Claims related thereto as Unimpaired.
- Unless a holder of an Allowed General Unsecured Claim related to the general operation of Resolute agrees to different treatment, those Claims will be paid in full on the Effective Date (or as soon as reasonably practicable thereafter) or will be paid in the ordinary course of business. The Plan Debtors currently do not believe that any General Unsecured Claims will be Allowed against Aneth, but in the event that there are such Allowed Claims, those Claims will receive distributions from the Aneth Trust until paid in full.
- The Aneth Trust will receive all Causes of Action of the Plan Debtors (except those Causes of Action that are released under the Plan), and the Aneth Trustee will liquidate those Causes of Action and distribute the proceeds to Allowed General Unsecured Claims (if any) until paid in full, then to Allowed Subordinated Claims of Aneth (if any) until paid in full, and then to EPI on account of its Interests in Aneth.

- The Plan Debtors will assume the executory contracts and unexpired leases of the Plan Debtors that will be identified through procedures established by the Bankruptcy Court. EPI, which is not a Plan Debtor, may assume certain of its executory contracts and/or unexpired leases and assign them to EOS. The Plan Debtors will identify any executory contracts and unexpired leases that will be rejected in the Plan Supplement. Although the Plan Debtors believe that they are or will be current on their obligations under executory contract and unexpired leases they proposed to assume, the Plan Supplement will also disclose the cure costs, if any, that the Plan Debtors will be required to pay in order to assume such executory contracts and unexpired leases, and counterparties to those agreements that dispute the cure costs that the Plan Debtors set forth in the Plan Supplement will be able to dispute those amounts and have those disputes adjudicated in the Bankruptcy Court.
- A condition to the consummation of the Plan is for an order to be entered by the Bankruptcy Court approving the foregoing executory contracts and/or unexpired leases of EPI to be assigned to EOS and for EPI's Interests in EOS to be conveyed to the Reorganized Aneth. The Debtors will seek to have such relief approved by the Bankruptcy Court in conjunction with the Confirmation Hearing.
- The Plan will provide for customary releases of specified Claims held by the Plan Debtors and the Supporting Holders and certain other specified parties against one another and for customary exculpations and injunctions.

A more detailed discussion of these terms is set forth below.

THE PLAN DEBTORS BELIEVE THAT THE COMPROMISE CONTEMPLATED UNDER THE PLAN IS FAIR AND EQUITABLE, WILL MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDES THE BEST RECOVERY TO HOLDERS OF CLAIMS AND INTERESTS.

FOR THESE REASONS AND OTHERS DESCRIBED HEREIN, THE DEBTORS URGE THE HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE TO TIMELY RETURN THEIR BALLOTS AND TO VOTE TO ACCEPT THE PLAN.

VI. Anticipated Events During the Chapter 11 Cases.

Upon obtaining votes from the Voting Parties, the Debtors intend to file a voluntary petition for relief under chapter 11 of the Bankruptcy Code, which will commence the Chapter 11 Cases.

A. Timetable for the Chapter 11 Cases.

The Plan Debtors intend to commence the Chapter 11 Cases with the support of all creditors whose rights will be impacted by the Plan. It is important that the Plan Debtors emerge from the Chapter 11 Cases as expeditiously as possible, and the Plan Debtors anticipate that they will have universal creditor support. A protracted chapter 11 case will unnecessarily deplete the

Plan Debtors' limited resources and may result in the loss of support from the Supporting Holders. Critically, the Plan Debtors' ability to administer the Chapter 11 Cases depend on their ability to use cash collateral with the consent of the secured Supporting Holders and the debtor in possession financing being provided by certain of the Supporting Holders. If the Plan Debtors are unable to obtain swift confirmation of the Plan, the Plan Debtors will be at risk of losing the secured Supporting Holders' consent to use their cash collateral and access to debtor in possession financing, thereby jeopardizing the Plan Debtors' ability to consummate the Plan.

Accordingly, the Plan Debtors will request that the Bankruptcy Court confirm the Plan as soon as the Bankruptcy Court will allow and is practicable. Specifically, the Plan Debtors propose the following dates for the Chapter 11 Cases:

Event	Date/Deadline	Notes
Voting Record Date	May 20, 2019	
Plan Debtors commence solicitation of Plan	May 22, 2019	
Voting Deadline	May 22, 2019	
Petition Date	May 22, 2019	
Bankruptcy Court approves date for combined hearing on Disclosure Statement and Plan (and related deadlines)	May 23, 2019 or May 24, 2019	
Plan Debtors mail notice of combined hearing on Disclosure Statement and Plan (and related deadlines)	May 24, 2019	
Plan Debtors file Plan Supplement	June 14, 2019	Seven days before objection deadline
Deadline to object to Disclosure Statement and Plan	June 21, 2019	28 days after notice is mailed
Deadline to object to Schedule of Cure Amounts	June 21, 2019	28 days after notice is mailed
Deadline for Plan Debtors to file proposed Confirmation Order and replies to Plan objections	June 24, 2019	Three days before hearing

Combined hearing on Disclosure Statement and Plan	June 27, 2019	Six days after objection deadline
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Although the Plan Debtors will request this schedule, there can be no assurance that the Bankruptcy Court will grant such request. If the Bankruptcy Court does not grant the Plan Debtors' request, there can be no assurances that the secured Supporting Holders will consent to the use of cash collateral and/or provide the Plan Debtors with debtor in possession financing. The Plan provides that the Effective Date will be the date on which a notice of effectiveness is filed with the Bankruptcy Court confirming that (a) all conditions in the Plan have been satisfied or waived as provided for in the Plan and (b) consummation of the Plan has occurred.

B. Commencement of the Chapter 11 Cases and First Day Motions.

The Plan Debtors anticipate that their business will operate in the ordinary course during the pendency of the Chapter 11 Cases in the same manner as before the Petition Date, and the Chapter 11 Cases are anticipated to have no impact on any of the non-Debtor affiliates, or on any of their counterparties.

As noted above, EPI is a holding company and all operations are conducted by EOS and the Plan Debtors. Accordingly, the Debtors anticipate seeking limited "first day" relief. Specifically, the Debtors anticipate seeking respective orders (a) authorizing the Debtors to continue using their existing cash management system, (b) authorizing the Debtors to enter into debtor in possession financing and to continue using cash collateral, (c) authorizing the Debtors to pay employee wages and salaries and to maintain employee benefits, (d) authorizing the Debtors to pay royalty interests and lease operating expenses, (e) authorizing the Debtors to maintain insurance policies and to pay insurance premiums, (f) authorizing the Debtors to provide deposits for utility companies, and (g) scheduling a combined hearing for (i) considering approval of the Disclosure Statement and Plan confirmation; (ii) approving the procedures for objecting to the Disclosure Statement and Plan; (iii) approving the prepetition solicitation procedures and form and manner of notice of the Chapter 11 Cases, the combined hearing, deadline to object to the Disclosure Statement and Plan, and notice of non-voting status; and (iv) granting related relief.

C. Automatic Stay.

The filing of the Debtors' bankruptcy petitions on the Petition Date will trigger the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoins all collection efforts and actions by creditors, the enforcement of Liens against property of the Debtors, and both the commencement and the continuation of litigation against the Debtors. With certain limited exceptions and/or modifications as permitted by order of the Bankruptcy Court, the automatic stay will remain in effect from the Petition Date until the Effective Date.

D. Other Procedural Motions and Retention of Professionals; Other Matters Concerning the Chapter 11 Cases.

The Debtors may file other motions that are common to chapter 11 cases generally. Additionally, the Debtors anticipate filing applications, and seeking Bankruptcy Court orders, approving the retention of various professionals to assist in carrying out the Debtors' duties as debtor in possession and to represent its interests in the Chapter 11 Case, including Norton Rose Fulbright US LLP and Womble Bond Dickinson (US) LLP, as restructuring co-counsel, Ankura Consulting, as financial advisor, and the Voting Agent, as administrative advisor, noticing and voting agent.

VII. Treatment of Claims and Interests Under the Plan.

The following description of the Plan is a brief summary of certain provisions of the Plan. This summary does not purport to be complete, and other provisions of the Plan are not summarized herein. This summary, and the other provisions of the Plan not summarized herein, are subject to, and qualified in their entirety by reference to, the Plan attached hereto as Exhibit A.

A. Classification and Treatment of Claims and Interests.

The Bankruptcy Code requires that a plan divide Claims and Interests into Classes. In general, a Class should contain Claims or Interests that are similar to one another, and all Claims and Interests in a specific Class should be treated similarly.

1. Classification in General.

A Claim or Interest is placed in a particular Class for all purposes, including voting, confirmation, and distribution under the Plan. However, a Claim or Interest will receive distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been satisfied, released, or otherwise settled prior to the Effective Date.

The Plan will not substantively consolidate the Estates of the Plan Debtors, meaning that a Claim against any of the Plan Debtors will remain the obligation of that Debtor. In addition, unless otherwise provided in the Plan Supplement or any other transaction that occurs after the Plan is consummated, Assets of each of the Plan Debtors shall remain Assets of such Debtor, and each of the Reorganized Debtors shall maintain their separate corporate existence.

2. Summary of Classification of Claims and Interests.

The following table summarizes, assuming an Effective Date in June 2019 or July 2019, (a) the classification of Claims and Interests under the Plan, (b) which Classes are Impaired by the Plan, (c) which Classes are entitled to vote on the Plan, and (d) the estimated recoveries for Holders of Claims and Interests in each Class to the extent such recovery can be estimated. The table is qualified in its entirety by reference to the full text of the Plan. The discussion set forth herein contains a more detailed summary of other terms and provisions of the Plan.

Class	Claim or Interest	Description	Impairment	Voting	Recovery
<i>Aneth</i>					
Class 1	Priority Non-Tax Claims	All Priority Non-Tax Claims which may be asserted against Aneth	Unimpaired	No (deemed to accept)	100%
Class 2	Other Secured Claims	All Other Secured Claims which may be asserted against Aneth	Unimpaired	No (deemed to accept)	100%
Class 3	Revolving Facility Credit Agreement Claims	All Claims which may be asserted under the Revolving Facility Credit Agreement Claims	Impaired	Yes	100%
Class 4	First Lien Credit Agreement Secured Claims	Claims which may be asserted under the First Lien Credit Agreement	Impaired	Yes	Unknown
Class 5	General Unsecured Claims	All General Unsecured Claims which may be asserted against Aneth of Resolute	Impaired	No (deemed to accept)	Unknown
Class 6	Subordinated Claims	All Subordinated Claims which may be asserted against Aneth	Impaired	No (deemed to reject)	Unknown
Class 7	Intercompany Claims	All Intercompany Claims which may be asserted by Resolute against Aneth	Unimpaired or Impaired	No (deemed to accept or reject)	Unknown
Class 8	Interests	All Interests in Aneth	Impaired	No (deemed to reject)	Unknown
<i>Resolute</i>					
Class 1	Priority Non-Tax Claims	All Priority Non-Tax Claims which may be asserted against EOS	Unimpaired	No (deemed to accept)	100%
Class 2	Other Secured Claims	All Other Secured Claims which may be asserted against EOS	Unimpaired	No (deemed to accept)	100%
Class 3	Revolving Facility Credit Agreement Claims	All Claims which may be asserted under the Revolving Facility Credit Agreement Claims	Impaired	Yes	100%
Class 4	First Lien Credit Agreement Secured Claims	Claims which may be asserted under the First Lien Credit Agreement	Impaired	Yes	Unknown
Class 5	General Unsecured Claims	All General Unsecured Claims which may be asserted against Aneth	Unimpaired	No (deemed to accept)	100%
Class 6	Subordinated Claims	All Subordinated Claims which may be asserted against Resolute	Unimpaired	No (deemed to accept)	100%
Class 7	Intercompany Claims	All Intercompany Claims which may be asserted by Aneth against Resolute	Unimpaired or Impaired	No (deemed to accept or reject)	Unknown
Class 8	Interests	All Interests in Resolute	Unimpaired	No (deemed to accept)	100%

B. Treatment of Unclassified Claims under the Plan.

Although the general rule under the Bankruptcy Code requires that Claims and Interests be divided into Classes, certain types of Claims are not required to be classified. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Fee Claims, DIP Claims, and Priority Tax Claims are not classified and are not entitled to vote on the Plan.

1. Administrative Expense Claims.

Administrative Expense Claims are Claims for the actual and necessary costs and expenses preserving the Estates and operating the businesses of the Plan Debtors between the Petition Date and the Effective Date. These Claims are entitled to priority under sections 503 and 507 of the Bankruptcy Code. Holders of Allowed Administrative Expense Claims will receive cash payments to satisfy such Claims in full, except to the extent that Holders of such Claims agree to different treatment. Such payments will be made on the Effective Date or as soon thereafter as is reasonably practicable (but in no event later than 30 days after the Effective Date). However, Administrative Expense Claims for debts that have been incurred in the ordinary course of business by the Plan Debtors will be paid in the ordinary course of business in accordance with past practice and the terms of the agreements relating to such debts. The Administrative Expense Claim Bar Date, which is the deadline to file Administrative Expenses Claims (other than Administrative Expense Claims incurred in the ordinary course of business and statutory fees that are owed to the U.S. Trustee under to 28 U.S.C. § 1930(a)(6)) is 45 days after the Effective Date.

2. Fee Claims.

Fee Claims are Claims for legal, financial, advisory, accounting or other professional services rendered or costs of Professional Persons who are employed after the Petition Date, including Professional Persons who are retained by the Plan Debtors' Estates and approved under sections 327 and 328 of the Bankruptcy Code. Holders of Allowed Fee Claims will also receive cash payments to satisfy such Claims in full, except to the extent that Holders of such Claims agree to different treatment, and such payments will be made after such fees and expenses are approved by the Bankruptcy Court. Fee Claims will be paid in accordance with applicable Bankruptcy Court orders during the Case or from the Fee Escrow Account, which will be funded on the Effective Date based on the professionals' estimates of the final amount of the fees and expenses that they will be owed. Professionals are required to final applications for the final allowance of their fees and expenses within 45 days after the Effective Date.

3. DIP Claims.

DIP Claims, which are Claims owed for the DIP Lenders for the funding provided to the Plan Debtors after the Effective Date (as provided in the DIP Order and the DIP Facility Agreement) will be paid in full on the Effective Date. DIP Claims will be paid in full, in Cash from the proceeds of the Exit Facility. DIP Lenders will not be required to file a request with the Bankruptcy Court in order for the DIP Claims to be paid.

4. Priority Tax Claims.

Priority Tax Claims are Claims for taxes and are entitled to priority under section 507(a)(8) of the Bankruptcy Code. Holders of Allowed Priority Tax Claims will receive cash payments to satisfy such Claims in full, except to the extent that Holders of such Claims agree to different treatment. However, Priority Tax Claims for debts that have been incurred in the ordinary course of business by the Plan Debtors will be paid in the ordinary course of business in accordance with past practice and the legal requirements relating to such taxes.

C. Treatment of Classified Claims and Interests under the Plan.

The Plan divides Claims and Interests into 16 Classes – eight Classes relate to the Claims and Interests of Aneth, and eight Classes relate to the Claims and Interests of Resolute. Holders of Claims and Interests shall receive the treatment set forth below only to the extent that such Claims or Interests are Allowed.

1. Aneth.

Class 1 Summary. This Class consists of Priority Non-Tax Claims of Aneth, which are Claims (other than a DIP Claim, a Fee Claim, an Administrative Expense Claim, or a Priority Tax Claim) that are entitled to priority under section 507(a) of the Bankruptcy Code, such as Claims for wages, salaries, or commissions, and Claims for contributions to employee benefit plans. The Plan Debtors anticipate that few (if any) such Claims will exist as of the Effective Date.

Treatment. Except to the extent that the Holder of such a Claim agrees to different treatment, these Claims will be paid in full by receiving Cash on the Effective Date or as soon as reasonably practicable thereafter, except that any Claim incurred in the ordinary course of business after the Petition Date shall be paid in the ordinary course of business.

Voting. Claims in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Claims will not vote on the Plan.

Class 2 Summary. This Class consists of Other Secured Claims of Aneth, which are any Secured Claims against Aneth other than a DIP Claim, a Revolving Facility Credit Agreement Claim, or a First Lien Credit Agreement Secured Claim. The Plan Debtors anticipate that, in addition to the Claims arising out of the Hedging Obligations, this Class may include creditors who have provided services to the Plan Debtors and assert statutory liens and/or other creditors who are entitled to secured claims by operation of law.

Treatment. These Claims shall, at the election of the Reorganized Debtors, (a) be cured and reinstated or (b) receive such other treatment to render such Claims Unimpaired. The Hedging Obligations shall be treated

as an Other Secured Claim of Aneth and Resolute (under Class 2) and shall receive such treatment as will render any Claims Unimpaired.

Voting. Claims in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Claims will not vote on the Plan.

Class 3

Summary. This Class consists of all Claims which may be asserted under the Revolving Facility Credit Agreement Claims.

Treatment. Such creditors shall receive Cash payments from the Exit Facility, to the extent that availability remains after the Exit Facility is used: first, to provide for \$10,000,000 of availability to fund future operations of the Reorganized Debtors, second, to pay the DIP Claims in full, and third, to pay the Class 4 Claims in full (First Lien Credit Agreement Secured Claims), as set forth below.

To the extent that the availability under the Exit Facility is not sufficient to satisfy these Claims, such creditor shall receive pro rata shares of 100% of the New Equity Interests in Reorganized Aneth (subject to dilution for a management incentive plan). Such pro rata calculation shall be based upon the aggregate balance of the Revolving Facility Credit Agreement Claims and the First Lien Credit Agreement Secured Claims that remain unpaid after the application of the Cash proceeds of the Exit Facility.

Holders of Claims in Aneth Class 3 and Resolute Class 3 are subject to a single recovery against the Plan Debtors on account of their Claims.

Voting. Claims in this Class are Impaired, and Holders of such Claims are entitled to vote on the Plan.

Class 4

Summary. This Class consists of Claims which may be asserted under the First Lien Credit Agreement.

Treatment. The treatment of these Claims will depend on whether such Claims are Claims of Riverstone or its Affiliates or Claims of one or more of the AB Parties.

In the case of Riverstone or its Affiliates, such creditors shall receive Cash payments from the Exit Facility, to the extent that availability remains after the Exit Facility is used: first, to provide for \$10,000,000 of availability to fund future operations of the Reorganized Debtors, and second, to pay the DIP Claims in full. To the extent that the availability under the Exit Facility is not sufficient to satisfy these Claims in full, Riverstone or its Affiliates shall receive, on account of such remaining Claims, an unsecured take-back loan in the amount sufficient to satisfy the Riverstone Class 4 Claims that were not satisfied in Cash, on terms to be agreed to by Riverstone, the AB Parties, and the Debtors (the terms of which shall be set forth in the Plan Supplement).

The applicable AB Parties shall receive (A) the net Cash proceeds of the Exit Facility, if any, after the satisfaction of the Class 4 Claims of Riverstone of its Affiliates (as set forth herein) and (B) pro rata shares of 100% of the New Equity Interests in Reorganized Aneth (subject to dilution for a management incentive plan). Such pro rata calculation shall be based upon the aggregate balance of the Revolving Facility Credit Agreement Claims and the First Lien Credit Agreement Secured Claims that remain unpaid after the application of the Cash proceeds of the Exit Facility.

Holders of Claims in Aneth Class 4 and Resolute Class 4 are subject to a single recovery against the Plan Debtors on account of their Claims.

Voting. Claims in this Class are Impaired, and Holders of such Claims are entitled to vote on the Plan.

Class 5

Summary. This Class consists of all General Unsecured Claims against Aneth. The Plan Debtors believe that the only General Unsecured Claims against the Aneth are the AB Parties' claim on account of the Unsecured Term Loan Agreement and the deficiency claims of the AB Parties arising in connection with the First Lien Credit Agreement Secured Claims and that no other Claims will be Allowed in this Class. The Plan Debtors do not believe there are any deficiency claims held by Riverstone after application of section 4.4(b) of the Plan. Subject to the entry of the Confirmation Order, the AB Parties will waive any recovery or distribution on account of such General Unsecured Claims.

Treatment. In the event that any other General Unsecured Claims are Allowed against Aneth, any Cash proceeds of the Aneth Trust Assets, net of the expenses of administering the Aneth Trust, shall be distributed to Holders of Allowed General Unsecured Claims of Aneth on a pro rata basis until such Claims are paid in full.

Voting. Claims in this Class are Impaired and are deemed to reject the Plan, and Holders of such Claims will not vote on the Plan.

Class 6

Summary. This Class consists of all Subordinated Claims against Aneth.

Treatment. In the event that any Subordinated Claims are Allowed against Aneth, any Cash proceeds of the Aneth Trust Assets, net of the expenses of administering the Aneth Trust and after General Unsecured Claims of Aneth are paid in full, shall be distributed to Holders of Allowed Subordinated Claims of Aneth on a pro rata basis until such Claims are paid in full.

Voting. Claims in this Class are Impaired and are deemed to reject the Plan, and Holders of such Claims will not vote on the Plan.

Class 7 Summary. This Class consists of Intercompany Claims owed by Aneth to Resolute.

Treatment. On the Effective Date, all Intercompany Claims that Aneth owes to Resolute shall remain unaffected or shall be waived, at the option of the Reorganized Debtors.

Voting. Claims in this Class are Unimpaired or Impaired and are deemed to accept or reject the Plan, and Holders of such Claims will not vote on the Plan.

Class 8 Summary. This Class consists of all of EPI's Interests in Aneth.

Treatment. Any Cash proceeds of the Aneth Trust Assets, net of the expenses of administering the Aneth Trust and after General Unsecured Claims and Subordinated Claims of Aneth are paid in full, shall be distributed to Holders of Interests in Aneth.

Voting. Interests in this Class are Impaired and are deemed to reject the Plan, and Holders of such Interests will not vote on the Plan.

2. Resolute.

Class 1 Summary. This Class consists of Priority Non-Tax Claims of Resolute, which are Claims (other than a DIP Claim, a Fee Claim, an Administrative Expense Claim, or a Priority Tax Claim) that are entitled to priority under section 507(a) of the Bankruptcy Code, such as Claims for wages, salaries, or commissions, and Claims for contributions to employee benefit plans. The Plan Debtors anticipate that few (if any) such Claims will exist as of the Effective Date.

Treatment. Except to the extent that the Holder of such a Claim agrees to different treatment, these Claims will be paid in full by receiving Cash on the Effective Date or as soon as reasonably practicable thereafter, except that any Claim incurred in the ordinary course of business after the Petition Date shall be paid in the ordinary course of business.

Voting. Claims in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Claims will not vote on the Plan.

Class 2 Summary. This Class consists of Other Secured Claims of Resolute, which are any Secured Claims against Resolute other than a DIP Claim, a Revolving Facility Credit Agreement Claim, or a First Lien Credit Agreement Secured Claim. The Plan Debtors anticipate that, in addition to the Claims arising out of the Hedging Obligations, this Class may include creditors who have provided services to the Plan Debtors and assert statutory liens and/or other creditors who are entitled to secured claims by operation of law.

Treatment. These Claims shall, at the election of the Reorganized Debtors, (a) be cured and reinstated or (b) receive such other treatment to render such Claims Unimpaired. The Hedging Obligations shall be treated as an Other Secured Claim of Resolute and Resolute (under Class 2) and shall receive such treatment as will render any Claims Unimpaired.

Voting. Claims in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Claims will not vote on the Plan.

Class 3

Summary. This Class consists of all Claims which may be asserted under the Revolving Facility Credit Agreement Claims.

Treatment. Such creditors shall receive Cash payments from the Exit Facility, to the extent that availability remains after the Exit Facility is used: first, to provide for \$10,000,000 of availability to fund future operations of the Reorganized Debtors, second, to pay the DIP Claims in full, and third, to pay the Class 4 Claims in full (First Lien Credit Agreement Secured Claims), as set forth below.

To the extent that the availability under the Exit Facility is not sufficient to satisfy these Claims, such creditor shall receive pro rata shares of 100% of the New Equity Interests in Reorganized Resolute (subject to dilution for a management incentive plan). Such pro rata calculation shall be based upon the aggregate balance of the Revolving Facility Credit Agreement Claims and the First Lien Credit Agreement Secured Claims that remain unpaid after the application of the Cash proceeds of the Exit Facility.

Holders of Claims in Aneth Class 3 and Resolute Class 3 are subject to a single recovery against the Plan Debtors on account of their Claims.

Voting. Claims in this Class are Impaired, and Holders of such Claims are entitled to vote on the Plan.

Class 4

Summary. This Class consists of Claims which may be asserted under the First Lien Credit Agreement.

Treatment. The treatment of these Claims will depend on whether such Claims are Claims of Riverstone or its Affiliates or Claims of one or more of the AB Parties.

In the case of Riverstone or its Affiliates, such creditors shall receive Cash payments from the Exit Facility, to the extent that availability remains after the Exit Facility is used: first, to provide for \$10,000,000 of availability to fund future operations of the Reorganized Debtors, and second, to pay the DIP Claims in full. To the extent that the availability under the Exit Facility is not sufficient to satisfy these Claims in full, Riverstone or its Affiliates shall receive, on account of such remaining Claims, an unsecured take-back loan in the amount sufficient to satisfy the

Riverstone Class 4 Claims that were not satisfied in Cash, on terms to be agreed to by Riverstone, the AB Parties, and the Debtors (the terms of which shall be set forth in the Plan Supplement).

The applicable AB Parties shall receive (A) the net Cash proceeds of the Exit Facility, if any, after the satisfaction of the Class 4 Claims of Riverstone of its Affiliates (as set forth herein) and (B) pro rata shares of 100% of the New Equity Interests in Reorganized Resolute (subject to dilution for a management incentive plan). Such pro rata calculation shall be based upon the aggregate balance of the Revolving Facility Credit Agreement Claims and the First Lien Credit Agreement Secured Claims that remain unpaid after the application of the Cash proceeds of the Exit Facility.

Holders of Claims in Aneth Class 4 and Resolute Class 4 are subject to a single recovery against the Plan Debtors on account of their Claims.

Voting. Claims in this Class are Impaired, and Holders of such Claims are entitled to vote on the Plan.

Class 5 Summary. This Class consists of all General Unsecured Claims against Resolute.

Treatment. Except to the extent that the Holder of such a Claim agrees to different treatment, these Claims will be paid in full by receiving Cash on the Effective Date or as soon as reasonably practicable thereafter, except that any Claim incurred in the ordinary course of business after the Petition Date shall be paid in the ordinary course of business.

Voting. Claims in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Claims will not vote on the Plan.

Class 6 Summary. This Class consists of all Subordinated Claims against Resolute.

Treatment. Except to the extent that the Holder of such a Claim agrees to different treatment, these Claims will be paid in full by receiving Cash on the Effective Date or as soon as reasonably practicable thereafter, except that any Claim incurred in the ordinary course of business after the Petition Date shall be paid in the ordinary course of business.

Voting. Claims in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Claims will not vote on the Plan.

Class 7 Summary. This Class consists of Intercompany Claims owed by Resolute to Aneth.

Treatment. On the Effective Date, all Intercompany Claims that Resolute owes to Resolute shall remain unaffected or shall be waived, at the option of the Reorganized Debtors.

Voting. Claims in this Class are Unimpaired or Impaired and are deemed to accept or reject the Plan, and Holders of such Claims will not vote on the Plan.

Class 8 Summary. This Class consists of all of Aneth's Interests in Resolute.

Treatment. On the Effective Date, all Interests in Resolute shall remain unaffected, and the Holders of such Interests shall retain all legal, equitable, and contractual rights to which Holders of such Interests are otherwise entitled.

Voting. Interests in this Class are Unimpaired and are deemed to accept the Plan, and Holders of such Interests will not vote on the Plan.

VIII. Additional Plan Provisions.

A. Implementation of the Plan.

On the Effective Date, the Exit Facility will close. The Exit Facility will be a credit facility on terms that are reasonably acceptable to the Plan Debtors and the AB Parties and will be for an amount that will be sufficient to satisfy certain obligations under the Plan. Specifically, proceeds of the Exit Facility will be applied as follows:

- First, \$10,000,000 of availability will be reserved to fund future operations of the Reorganized Debtors.
- Second, the Allowed DIP Claims will be paid in full.
- Third, if availability still remains under the Exit Facility, proceeds of the Exit Facility will be used to make cash payments to Riverstone or its Affiliates on account of Allowed First Lien Credit Agreement Secured Claims.
- Fourth, if the Allowed DIP Claims and Allowed First Lien Credit Agreement Secured Claims of Riverstone or its Affiliates are paid in full, after retaining \$10,000,000 of availability to fund future operations of the Reorganized Debtors, the remaining proceeds of the Exit Facility will be paid to Holders of Revolving Facility Credit Agreement Claims in partial satisfaction of such Claims.

Additional information about the Exit Facility will be disclosed in the Plan Supplement.

In addition to the closing of the Exit Facility, other transactions relating to the restructuring of the Plan Debtors will be implemented on the Effective Date. Finally, the existing Interests of EPI in Aneth will be cancelled, and the secured Supporting Holders, other than Riverstone, shall receive a combination of Cash, unsecured take-back notes, and the New

Equity Interests in Reorganized Aneth, which shall be allocated between the Supporting Holders in accordance with the treatment for the Revolving Facility Credit Agreement Claims (Aneth Class 3 and Resolute Class 3) and the First Lien Credit Agreement Secured Claims (Aneth Class 4 and Resolute Class 4)

The identity of the members, managers, officers and directors of the Reorganized Debtors, which shall be acceptable to the AB Parties, will be disclosed in the Plan Supplement at or prior to the Confirmation Hearing. Except to the extent that a manager or member of the board of directors of a Debtor continues to serve as a manager or director (as applicable) of such Reorganized Debtor on the Effective Date, the managers and members of the board of directors of each Debtor prior to the Effective Date, in their capacities will cease to be a manager or director (as applicable) of the applicable Debtor on the Effective Date.

Although directors of the Plan Debtors will not necessarily be directors of the Reorganized Debtors, D&O Liability Insurance Policies, which shall be treated as Executory Contracts, will be assumed by the Reorganized Debtors under section 365 of the Bankruptcy Code of will revert in the applicable Reorganized Debtor. Additionally, the indemnification provisions in any Indemnification Agreement of the Plan Debtors will be Unimpaired (or assumed, as the case may be) and will survive the effectiveness of the Plan, except that the Plan shall not reinstate any Claims against the Plan Debtors which were released or discharged before the Petition Date or provide for the assumption of any indemnification agreement that does not relate to the indemnification of any current director, officer or employee of the Plan Debtors. All decisions regarding employment agreements, compensation plans, and indemnification provisions shall be acceptable to the AB Parties, who shall consult with Riverstone in the event that Riverstone's First Lien Credit Agreement Claim is not paid in full by the proceeds of the Exit Facility.

B. Aneth Trust

The Aneth Trust shall be established on the Effective Date pursuant to the terms of the Aneth Trust Agreement. The Aneth Trust shall be administered by the Aneth Trustee and the Aneth Trust Oversight Board. The identity of the Aneth Trustee and the Aneth Trust Oversight Board and the Aneth Trust Agreement will be disclosed in the Plan Supplement.

The Aneth Trust Causes of Action (which means all Causes of Action of the Plan Debtors that have not been released under the Plan) will be transferred to the Aneth Trust. The Aneth Trustee shall be responsible for liquidating such Causes of Action and distributing those proceeds (net of the expenses of administering the Aneth Trust): first, to any Allowed General Unsecured Claims against Aneth (Class 5) until such Claims are paid in full, second, to Any Allowed Subordinated Claims against Aneth (Class 6) until such Claims are paid in full, and third, to the Interests in Aneth (Class 8). The Aneth Trustee shall be responsible for objecting to any General Unsecured Claims and Subordinated Claims that are filed against Aneth.

C. Claims Resolution and Distributions.

The deadline for creditors of the Plan Debtors to file proofs of claim (other than Administrative Expense Claims and Fee Claims) will be the General Bar Date, which will be

established pursuant to Bankruptcy Code section 502(b)(9) and Rule 3003(c)(3) of the Federal Rules of Bankruptcy Procedure. All creditors of the Plan Debtors will be notified of the exact date of the General Bar Date after the Confirmation Order is entered.

Creditors will not receive distributions on their Claims until those Claims become Allowed. Distributions will be made according to the names and addresses that are available to the Reorganized Debtors and the Aneth Trustee as of the Distribution Record Date (which will be the same date as the General Bar Date), and neither the Reorganized Debtors nor the Aneth Trustee shall have any obligation to recognize transfers of Claims that occur after the Distribution Record Date or to take any action to locate a creditor if a distribution cannot be delivered to an address that is set forth in the Plan Debtors' books and records or in any court filings. Upon the expiration of 180 days after a distribution payable by the Reorganized Debtors or the Aneth Trustee is returned as undeliverable, such undeliverable distributions shall revert to the Reorganized Debtors or the Aneth Trust, as applicable.

Distributions, which shall be exempt from applicable securities laws pursuant to section 1145 of the Bankruptcy Code, shall be made in cash and will not exceed the amount of Allowed Claims. The Reorganized Debtors or the Aneth Trustee, as applicable, may reduce the amount of distributions by offsetting or recouping against Allowed Claims any amounts that the Reorganized Debtors or the Aneth Trustee, as applicable, may assert against the Holders of such Claims to the extent that such setoff or recoupment is either agreed to by such Holder or otherwise adjudicated by the Bankruptcy Court or another court of competent jurisdiction.

To the extent that a Holder of a Claim receives a distribution on account of its Claim from a party that is not a Debtor, a Reorganized Debtor, or the Aneth Trustee, such Holder shall, within 14 days, repay or return the distribution to the Reorganized Debtors or the Aneth Trustee, as applicable, to the extent that the Holder's total recovery on account of such Claim (from the third party and under the Plan) exceeds the amount of such Claim. The failure to timely repay or return such distribution shall result in the Holder owing the Reorganized Debtors or the Aneth Trustee, as applicable, annualized interest on such claim (at the federal judgment rate under 28 U.S.C. § 1961) until this amount is repaid. Additionally, no distributions shall be made on account of an Allowed Claim that is payable pursuant to one of the Plan Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy.

The Reorganized Debtors and the Aneth Trustee shall comply with all applicable withholding and reporting requirements imposed by relevant taxing authority, and all distributions, and Holders of Allowed Claims or Interests may be required to complete and return a Form W-8 or W-9, as applicable, prior to such Holders receiving distributions under the Plan. Notwithstanding such withholding and reporting requirements, each Holder of an Allowed Claim or Interest that is to receive a Plan Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on such Holder by any relevant taxing authority, including income, withholding, and other tax obligations.

D. Executory Contracts and Unexpired Leases.

All Executory Contracts and Unexpired Leases of the Plan Debtors shall be assumed on the Effective Date, except any such contract or lease which (a) was previously assumed or rejected by the Plan Debtors, (b) previously expired or terminated according to its terms, or (c) is specifically identified in the Plan supplement as a contract or lease to be rejected (which shall be subject to the consent of the AB Parties).

The Plan Supplement shall also set forth the Cure Amounts, if any, that need to be paid in order for Executory Contracts and Unexpired Leases to be assumed, according to the Plan Debtors' books and records. Any counterparty that contests the amount of such Cure Amounts must file an objection with the Bankruptcy Court within seven days after the filing of the Plan Supplement (or such other date that the Bankruptcy Court orders), and such disputes will be adjudicated by the Bankruptcy Court.

E. Conditions to Effective Date.

The Effective Date shall not occur unless all of the following conditions have been satisfied:

- an order shall have been entered authorizing EPI to sell or otherwise transfer all Interests of EOS to Reorganized Aneth on the Effective Date;
- in connection with EPI's transfer of the Interests of EOS to Reorganized Aneth, EPI and EOS, on the one hand, and the Supporting Holders, on the other hand, shall have entered into full and unconditional mutual releases of any and all claims and causes of action;
- all executory contracts and unexpired leases that are required to be assumed by EPI and assigned to EOS at the request of the AB Parties shall have been assumed and assigned to EOS;
- the RSA shall remain in effect as of the Effective Date;
- no Event of Default under the DIP Credit Facility shall have occurred and be continuing that has not been waived in accordance with the terms of the DIP Credit Facility;
- the Plan Supplement, including the Plan Documents, has been filed;
- the Plan Documents contain terms and conditions consistent in all material respects with the Plan;
- the Bankruptcy Court has entered the Confirmation Order in form and substance satisfactory to the Plan Debtors and the Supporting Holders;
- the Fee Escrow Account shall have been funded;

- the Confirmation Order has become a Final Order and has not been stayed, modified, or vacated on appeal;
- the Exit Facility has closed and has become effective;
- all governmental and third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions provided for in the Plan have been obtained, are not subject to unfulfilled conditions, and are in full force and effect, and all applicable waiting periods have expired without any action having been taken by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions; and
- all documents and agreements necessary to implement the Plan shall have (i) been tendered for delivery and (ii) been effected or executed by all Entities party thereto, and all conditions precedent to the effectiveness of such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

The conditions to the occurrence of the Effective Date may be waived upon the agreement of the Plan Debtors and the Supporting Holders, except that the condition requiring that the Confirmation Order shall have been entered by the Bankruptcy Court may not be waived. If these conditions are not satisfied or waived by the first Business Day that is more than 60 days after the entry of the Confirmation Order is entered, the Plan Debtors, with the consent of the Supporting Holders, may file a notice that the Plan is null and void and that the provisions of the Plan shall not (i) constitute a waiver or release of any Claims by or against or any Interests in the Plan Debtors, (ii) prejudice the rights of any Person, or (iii) constitute an admission by the Plan Debtors or any other Person.

F. Effect of Confirmation.

1. Binding Effect.

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, and subject to the occurrence of the Effective Date, on and after the entry of the Confirmation Order, the provisions of the Plan shall bind every holder of a Claim against or Interest in any Debtor and inure to the benefit of and be binding on such holder's respective successors and assigns, regardless of whether the Claim or Interest of such holder is Impaired under the Plan and whether such holder has accepted the Plan.

2. Vesting of Assets.

Except as otherwise provided in the Plan, or any Plan Document, on and after the Effective Date, all Assets of the Estates, including all claims, rights, and Causes of Action and any property acquired by the Plan Debtors under or in connection with the Plan, shall vest in each respective Reorganized Debtor free and clear of all Claims, Liens, charges, other encumbrances, and Interests. Subject to the terms of the Plan, on and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of

property without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by the Plan or the Confirmation Order.

3. Discharge of Claims against and Interests in the Plan Debtors.

Upon the Effective Date and in consideration of the distributions to be made under the Plan, except as otherwise provided in the Plan or in the Confirmation Order, each Holder (as well as any trustee or agent on behalf of such Holder) of a Claim or Interest, where such Claim or Interest has been fully paid or otherwise satisfied in accordance with the Plan, and any Affiliate of such holder shall be deemed to have forever waived, released, and discharged the Plan Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Except as otherwise provided in the Plan, upon the Effective Date, all such holders of Claims and Interests and their Affiliates shall be forever precluded and enjoined, pursuant to sections 105, 524, and 1141 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in any Debtor or any Reorganized Debtor.

4. Plan Injunction.

Except as otherwise provided in the Plan, the Plan Documents, or the Confirmation Order, as of the entry of the Confirmation Order, but subject to the occurrence of the Effective Date, all Persons who have held, hold, or may hold Claims or Interests are, with respect to any such Claim or Interest, permanently enjoined and precluded after the entry of the Confirmation Order from taking any of the following actions on account of any such discharged Claims or terminated Interests: a. commencing, conducting, or continuing in any manner any suit, action, or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative, or other forum), whether directly, indirectly, derivatively or otherwise, against or affecting, directly or indirectly, a Debtor, a Reorganized Debtor, an Estate, or the property of any of the foregoing, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection (i) or any property of any such transferee or successor, on account of any Claims, Interests, Causes of Action or liabilities that have been compromised or settled against any Released Party (or property or estate of any Released Party) on account of or in connection with or with respect to any released, settled, compromised, or exculpated Claims, Interests, Causes of Action or liabilities, against the Plan Debtors or the Reorganized Debtors or their respective property; b. enforcing, levying, attaching (including, without limitation, any prejudgment attachment), collecting, or otherwise recovering in any manner or by any means, whether directly or indirectly, any judgment, award, decree, or order against a Debtor, a Reorganized Debtor, an Estate or their respective property, or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons mentioned in this subsection (ii) or any property of any such transferee or successor, on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, Interests, Causes of Action, or liabilities; c. creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien, Claim or encumbrance of any kind against a Debtor, a Reorganized Debtor, an Estate, or their respective property, or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons mentioned

in this subsection (iii) or any property of any such transferee or successor, on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, Interests, Causes of Action, or liabilities; d. acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan and the Plan Documents, to the full extent permitted by applicable law; e. asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Plan Debtors or the Reorganized Debtors or their respective property, *provided*, that any rights of setoff and recoupment of any Entity or Person are preserved for the purpose of asserting such rights as a defense to any Claims or Causes of Action of the Plan Debtors or their Estates regardless of whether such Entity or Person is the Holder of an Allowed Claim; and f. commencing or continuing, in any manner or in any place, any action, on account of or in connection with or with respect to any such released, settled, compromised, or exculpated Claims, Interests, Causes of Action, or liabilities released, settled or compromised pursuant to the Plan, that does not comply with or is inconsistent with the provisions of the Plan and the Plan Documents; *provided, however*, that nothing contained herein shall preclude such Persons who have held, hold, or may hold Claims against, or Interests in, a Debtor, a Reorganized Debtor, or an Estate from exercising their rights and remedies, or obtaining benefits, pursuant to and consistent with the terms of the Plan and the Plan Documents.

By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim or Interest will be deemed to have affirmatively and specifically consented to be bound by the Plan, including, without limitation, the injunctions set forth in this section.

5. Releases.

a. Releases by the Plan Debtors.

As of the Effective Date, except for the rights and remedies that remain in effect from and after the Effective Date to enforce the Plan and the Plan Documents, for good and valuable consideration provided by each of the Released Parties, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Plan Debtors and the implementation of the Restructuring, and except as otherwise provided in the Plan, the Plan Documents, or in the Confirmation Order, the Released Parties are deemed forever released and discharged by the Plan Debtors, the Reorganized Debtors, and the Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives and any and all other Persons that may purport to assert any Cause of Action derivatively, by or through the foregoing Persons, from any and all Claims, Interests, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, remedies, or liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of the Plan Debtors, the Reorganized Debtors, or their Estates, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter ego theories of liability, contribution, indemnification, joint liability or otherwise that the Plan Debtors, the Reorganized Debtors, or their Estates 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 Person, based on or relating to, or in any manner arising from, in whole or in part, the Revolving

Facility Credit Agreement, the First Lien Credit Agreement, the Unsecured Term Loan Agreement, Plan Debtors, the Restructuring, the Restructuring Transactions, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Plan Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Plan Debtor and any Released Party, the Restructuring, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Restructuring Transactions, the negotiation, formulation, or preparation of the Disclosure and the Plan and related agreements, instruments, and other documents (including the Plan Documents), the solicitation of votes with respect to the Plan, the consummation of the Plan, any action or actions taken in furtherance of or consistent with the administration or implementation of the Plan or the property to be distributed under the Plan, or any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date arising from or relating to any of the foregoing, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that constitutes actual fraud, gross negligence or willful misconduct; *provided, however*, that the foregoing provisions of this release (i) shall operate to waive and release only those Causes of Action expressly set forth in and released by the Plan, and (ii) shall not operate to waive and release the rights of the Plan Debtors or the Reorganized Debtors to enforce the Plan, the Confirmation Order, the issuance of the New Equity Interests of Aneth or any related agreements, instruments and other documents delivered under or in connection with the Plan or assumed or reinstated pursuant to the Plan or Final Order of the Bankruptcy Court. In addition, except as otherwise provided in the Plan Supplement (as agreed to by the Plan Debtors and the Supporting Holders), all Avoidance Actions shall be released and waived on the Effective Date.

Released Parties means, collectively, and in each case in their capacities as such during the Chapter 11 Cases, the following parties:

(a) the Plan Debtors; (b) the Reorganized Debtors; (c) the DIP Lenders; (d) the AB Parties; (e) Riverstone; (f) Patrick Bartels, independent director of EPI; (g) Eugene Davis, independent director of EPI; (h) David Evans, director of EPI; (i) Monica Brisnehan, chief financial officer of the Plan Debtors; (j) Scott Pinsonnault, chief restructuring officer of the Plan Debtors; (k) Dave Koskella, chief operating officer of the Plan Debtors; and (l) each of the Related Parties⁸ of the Persons in the foregoing (c)–(e); provided, however, that if any of the Persons in the foregoing (c)–(k) (and any Related Parties of the Persons in the foregoing (c)–(k)) “opt out” of, or objects to, the releases provided in the Plan, as applicable, then such Persons shall not be included in the definition of “Released Parties.” Except as set forth in the Plan but otherwise notwithstanding anything to the contrary in the Plan, any Plan Supplement, or the Confirmation Order, no other current or former officers or directors of the Plan Debtors shall constitute

⁸ “Related Parties” means, with respect to a Person that is a Released Party, collectively, its predecessors, successors, assigns, subsidiaries, direct and indirect Affiliates, managed accounts and funds, current and former officers and directors, principals, shareholders, members, partners, managers, employees, subcontractors, agents, advisory board members, advisors, financial advisors, attorneys, accountants, investment bankers, consultants, agents, representatives, management companies, fund advisors, and other professionals, and such Person’s respective heirs, executors, estates, servants, and nominees, in each case in their capacity as such.

Released Parties or shall be released by any of the Plan, the Plan Supplement, or the Confirmation Order. Moreover, the Released Parties shall not include any parties that are the subject of claims or causes of action that are, with the reasonable consent of the AB Parties and in accordance with the RSA, otherwise preserved under the terms of the Plan, as set forth in the Plan Supplement. Notwithstanding any language to the contrary contained in the Disclosure Statement, the Plan, and/or the Confirmation Order, no provision of the Disclosure Statement, the Plan, or the Confirmation Order shall preclude any governmental regulatory agency from enforcing its police or regulatory powers or enjoin, limit, impair, or delay any governmental regulatory agency from pursuing, in the appropriate forum, any Claims, causes of action, proceedings, or investigations against any non-debtor Person. For the avoidance of doubt, EPI, EOS and the Non-Debtors, and each of their Related Parties, are not Released Parties.

Prior to agreeing to release the Released Parties, the Plan Debtors considered various Causes of Action which could be asserted against the Released Parties and analyzed whether it would be fair and reasonable to release the Released Parties. Specifically, the Plan Debtors considered whether any claims could be asserted against their officers and directors for breaching their fiduciary duties. The Plan Debtors note that EPL (the parent company of EPI, who has controlled all of the Debtors) and officers and directors of EPL are not being released under the Plan and that former officers and directors of the Debtors will also not be released.⁹ Instead only current officers and directors of the Plan Debtors are included as Released Parties and believe that providing a release to current officers and directors incentivizes such individuals to continue working with the Plan Debtors as they prepared for their bankruptcy filings, which has been a difficult and uncertain time for these individuals.¹⁰ Given these facts and considering the time and money that it would take to litigate any breach of fiduciary claims (and the complexity of such litigation), the Plan Debtors believe that the release of the individuals included as Released Parties is fair and reasonable.

Additionally, the Plan Debtors considered whether any claims could be asserted against the AB Parties. To that end, the Plan Debtors considered their ability to assert claims for fraudulent transfer, equitable subordination, and various claims for lender control. It would be costly and time-consuming to pursue these claims, and given the inherent uncertainties of litigation and the complexity of these claims, it would be difficult to predict whether the Plan Debtors would be successful in pursuing such litigation. The Plan Debtors anticipate that, if such claims were asserted, the AB Parties would vigorously defend against such allegations and allege, among other things, that any and all actions taken by the AB Parties provided benefits to the Plan Debtors and resulted in the Plan Debtors receiving significant value. The Plan Debtors also considered the fact that, pursuant to the RSA, in exchange for agreeing to these releases, the Estates of the Plan Debtors would receive numerous benefits, including (i) funding under the DIP Facility Agreement (which would enable the Debtors to continue operating until the Plan

⁹ The Plan Debtors are continuing to analyze any Causes of Action that could be asserted against EPL, officers and directors of EPL, and former officers and directors of the Debtors and will disclose such potential claims in the Plan Supplement. Neither EPL nor its officers or directors are Released Parties under the Plan.

¹⁰ The Plan Debtors note that a number of these current officers and directors were recently retained by the Debtors and were hired specifically to help the Debtors consider and implement their restructuring options.

could be consummated) and (ii) an agreement by the AB Parties to support the Plan. Based on the foregoing considerations, the Plan Debtors believe that it is fair and reasonable to release the AB Parties under the Plan.

The Plan Debtors also considered whether any claims could be asserted against Riverstone. To that end, the Plan Debtors considered their ability to assert the types of claims which would usually be asserted in “lender liability” litigation. In addition to this analysis, the Plan Debtors determined that it would be costly and time-consuming to pursue these claims, and given the inherent uncertainties of litigation and the complexity of these claims, the Plan Debtors concluded that it would be difficult to predict whether they would be successful in pursuing such litigation. The Plan Debtors anticipate that, if such claims were asserted, Riverstone would vigorously contest such litigation and allege, among other things, that any and all actions taken by Riverstone provided benefits to the Plan Debtors and resulted in the Plan Debtors receiving significant value. The Plan Debtors also considered the fact that, pursuant to the RSA, in exchange for agreeing to these releases, the Estates of the Plan Debtors would receive numerous benefits, including (i) funding under the DIP Facility Agreement (which would enable the Debtors to continue operating until the Plan could be consummated) and (ii) an agreement by Riverstone to support the Plan. Based on the foregoing considerations, the Plan Debtors believe that it is fair and reasonable to release Riverstone under the Plan.

b. Releases by the Releasing Parties.

As of the Effective Date, except for the rights and remedies that remain in effect from and after the Effective Date to enforce the Plan and the Plan Documents, to the fullest extent permitted by applicable law, for good and valuable consideration provided by the Plan Debtors, their Estates and the Released Parties, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Plan Debtors and the implementation of the Restructuring, and except as otherwise provided in the Plan, the Plan Documents, or in the Confirmation Order, each of the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Plan Debtors and their Estates and the Released Parties from any and all Claims, Interests, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of the Plan Debtors or the Plan Debtors’ Estates, whether known or unknown, asserted or unasserted, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, whether for tort, fraud, contract, violations of federal or state laws or otherwise, including Avoidance Actions, those Causes of Action based on veil piercing or alter ego theories of liability, contribution, indemnification, joint liability or otherwise that any such Releasing Party would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Plan Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any Security of the Plan Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Plan Debtor and any Released Party, on the one hand, and any Releasing Party, on the other hand, the Restructuring, the restructuring of any Claim or Interest before or during the Chapter 11

Cases, the Restructuring Transactions, the negotiation, formulation, or preparation of the Disclosure Statement, the Plan and related agreements, instruments, and other documents (including the Plan Documents), the solicitation of votes with respect to the Plan, or any other act or omission, the issuance of the New Equity Interests of Aneth and/or any related agreements, instruments, or other documents, the pursuit of confirmation, any action or actions taken in furtherance of or consistent with the administration or implementation of the Plan or the distribution of the New Equity Interests of Aneth, or other property under the Plan, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date arising from or relating to any of the foregoing, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence; *provided, however*, that the foregoing provisions of this release (i) shall operate to waive and release only those Causes of Action expressly set forth in and released by the Plan and (ii) shall not operate to waive and release the rights of the Releasing Parties to enforce the Plan, the Confirmation Order, the New Equity Interests of Aneth or any related agreements, instruments, and other documents delivered under or in connection with the Plan or assumed or reinstated pursuant to the Plan or Final Order of the Bankruptcy Court. Notwithstanding anything to the contrary in this Section 11.9(b), the guarantees provided by EPI and Parent to the AB Parties shall not be affected by the Plan, and any recoveries that the AB Parties recover on account of such guarantees shall not affect any distributions that the AB Parties receive under the Plan.

Releasing Parties means, collectively, in each case solely in their respective capacities as such, the following parties:

(a) the Plan Debtors, (b) the Reorganized Debtors, (c) the DIP Lenders, (d) the AB Parties, (e) Riverstone, (f) each of the Related Parties of the Persons in the foregoing (c)–(e), and (g) those Holders of Claims and Interests (i) who vote to accept the Plan, (ii) who are Unimpaired under the Plan and do not timely object to the releases provided herein, (iii) whose vote to accept or reject the Plan is solicited but who do not vote either to accept or to reject the Plan and do not “opt out” of, or objects to, granting the releases herein, or (iv) who vote to reject the Plan but do not “opt out” of, or objects to, granting the releases herein; *provided, however*, EPI, EOS and Holders of Claims and Interests that are deemed to have rejected the Plan are not Releasing Parties, and to the extent that EPI, EOS and any Holders of Claims and Interests that are deemed to have rejected the Plan are required to “opt out” of, or object to, granting the releases herein, those Holders of Claims and Interests that are deemed to have rejected the Plan shall be deemed to have “opted out” of, and objected to, granting the releases herein.

6. Exculpation.

To the maximum extent permitted by applicable law the Exculpated Parties shall not have or incur, and are hereby released and exculpated from, any Claim, Interest, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, loss, remedy, or liability for any claim arising before, on or after the Petition Date and prior to or on the

Effective Date for any act taken or omitted to be taken in connection with or arising out of: (a) the administration of the Chapter 11 Cases; (b) the formulation, negotiation, preparation, filing, and pursuit of the DIP Facility Agreement, the Disclosure Statement, the Restructuring Transactions, and the Plan (including the Plan Documents), or the solicitation of votes for, or confirmation of, the Plan; (c) the funding of the Plan; (d) the occurrence of the Effective Date; (e) the administration of the Plan or the property to be distributed under the Plan; (f) the issuance of Securities under or in connection with the Plan; or (g) the transactions in furtherance of any of the foregoing; *provided, however*, that the foregoing provisions will have no effect on the liability of any Person that results from any such act or omission that is determined in a Final Order of the Bankruptcy Court or other court of competent jurisdiction to have constituted fraud, gross negligence, or willful misconduct, but in all respects each Exculpated Party shall be entitled to reasonably rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such exculpated parties from liability.

7. Injunction Related to Releases and Exculpation.

The Confirmation Order shall permanently enjoin the commencement or prosecution by any Person or entity, whether directly, derivatively, or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses, or liabilities released pursuant to the Plan, including, without limitation, the claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, and liabilities released or exculpated in the Plan.

8. Subordinated Claims.

Pursuant to section 510 of the Bankruptcy Code, the Plan Debtors or the Reorganized Debtors, as applicable, reserve the right to re-classify any Allowed Claim in accordance with any contractual, legal, or equitable subordination relating thereto.

9. Retention of Causes of Action and Reservation of Rights.

Except as otherwise provided in the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights, claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Plan Debtors had immediately prior to the Effective Date on behalf of the Estates or of themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, but not limited to, rights, claims, Causes of Action, rights of setoff, offset, recoupment, or other legal or equitable defenses against any Holder of Interests that arise on account of such Holders' objection to, or support of, and objection to the Plan. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such claims, Causes of Action, rights of setoff or recoupment, and other legal or equitable defenses as fully as if the Chapter 11 Cases had not been commenced, and all of the Plan Debtors' legal and equitable rights in respect of any Unimpaired Claim may be asserted after the Confirmation Date and Effective Date to the same extent as if the Chapter 11 Cases had not been commenced.

10. Ipso Facto and Similar Provisions Ineffective.

Any term of any prepetition policy, prepetition contract, or other prepetition obligation applicable to a Debtor shall be void and of no further force or effect with respect to any Debtor to the extent that such policy, contract, or other obligation is conditioned on, creates an obligation of the Debtor as a result of, or gives rise to a right of any Person based on any of the following: (a) the insolvency or financial condition of a Debtor on or before the Effective Date; (b) the commencement of the Chapter 11 Cases; (c) the confirmation or consummation of the Plan, including any change of control that will occur as a result of such consummation; or (d) the Restructuring.

11. Claims Against Directors and Officers.

After the Effective Date, the Reorganized Debtors shall not terminate or otherwise reduce the coverage under any directors' and officers' insurance policies (including any "tail policy") in effect as of the Petition Date, and all members, managers, directors, and officers of the Plan Debtors who served in such capacity at any time prior to the Effective Date will be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such members, managers, directors, and/or officers remain in such positions after the Effective Date. Notwithstanding any provision herein to the contrary, no claim that would be covered by any such directors' and officers' insurance policies (except as to the Released Parties) is being released by the Plan, the Plan Supplement, the Confirmation Order, or otherwise.

12. Preservation of Tribal Sovereign Immunity Defenses and Rights.

Nothing in the Plan or the Confirmation Order discharges or releases the Plan Debtors, the Reorganized Debtors, or any non-debtor from any claims, liability, or Cause of Action of any federally-recognized Indian Tribe or impairs the ability of any federally-recognized Indian Tribe to pursue any Claim, liability, right, defense, or Cause of Action against any Debtor, Reorganized Debtor, or non-debtor. Contracts, leases, covenants, guaranties, indemnifications, operating rights agreements or other interests or agreements with any federally-recognized Indian Tribe, or involving lands or minerals held in trust or restricted status for federally-recognized Indian tribes or for Indian individuals, shall be, subject to any applicable legal or equitable rights or defenses of the Plan Debtors or Reorganized Debtors under applicable non-bankruptcy law, paid, treated, determined and administered in the ordinary course of business as if the Plan Debtors' bankruptcy cases were never filed and the Plan Debtors and Reorganized Debtors shall comply with all applicable non-bankruptcy law. All claims, liabilities, rights, causes of action, or defenses of or to any federally-recognized Indian Tribe shall survive the Chapter 11 Cases as if they had not been commenced and be determined in the ordinary course of business, including in the manner and by the administrative or judicial tribunals in which such rights, defenses, claims, liabilities, or causes of action would have been resolved or adjudicated if the Chapter 11 Cases had not been commenced; provided, that nothing in the Plan or this Confirmation Order shall alter any legal or equitable rights or defenses of the Plan Debtors or the Reorganized Debtors under non-bankruptcy law with respect to any such claim, liability or cause of action. Without limiting the foregoing, for the avoidance of doubt: (a) any federally-recognized Indian Tribe shall not be required to file any proofs of claim or administrative expense claims in the Chapter 11 Cases for any claim, liability or cause of action; (b) nothing

shall affect or impair the exercise of any federally-recognized Indian Tribe's police and regulatory powers against the Plan Debtors, the Reorganized Debtors or any non-debtor; (c) nothing shall be interpreted to set cure amounts or to require any federally-recognized Indian Tribe to novate or otherwise consent to the transfer of any federally-recognized Indian Tribes' contracts, leases, guaranties, indemnifications, grants, agreements or interests; (d) nothing shall affect or impair any federally-recognized Indian Tribe's rights and defenses of setoff and recoupment, or to assert setoff or recoupment against the Debtor or the Reorganized Debtor and such rights and defenses are expressly preserved; and (e) nothing shall constitute an approval or consent by any federally recognized Indian Tribe or any State without compliance with all applicable legal requirements and approvals under non-bankruptcy law.

G. Administrative Provisions.

1. Retention of Jurisdiction.

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction, pursuant to 28 U.S.C. §§ 1334 and 157, over all matters arising in or related to the Chapter 11 Cases for, among other things, the following purposes:

- (a) to hear and determine applications for the assumption or rejection of Executory Contracts or Unexpired Leases and any disputes over Cure Amounts resulting therefrom;
- (b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the entry of the Confirmation Order, including any Cause of Action which may be asserted by the Aneth Trustee;
- (c) to hear and resolve any disputes arising from or related to i) any orders of the Bankruptcy Court granting relief under Bankruptcy Rule 2004 or ii) any protective orders entered by the Bankruptcy Court in connection with the foregoing;
- (d) to ensure that distributions to Holders of Allowed Claims are accomplished as provided in the Plan and the Confirmation Order;
- (e) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim, including any Administrative Expense Claim, and to subordinate any Claim or Interest in accordance with any contractual, legal, or equitable subordination principles;
- (f) to enter, implement, or enforce such orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

- (g) to issue and enforce injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any Person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;
- (h) to hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (i) to hear and determine all Fee Claims;
- (j) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof;
- (k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments in furtherance of either, or any agreement, instrument, or other document governing or related to any of the foregoing;
- (l) to take any action and issue such orders, including any such action or orders as may be necessary after entry of the Confirmation Order or the occurrence of the Effective Date, as may be necessary to construe, enforce, implement, execute, and consummate the Plan, including any release, exculpation, or injunction provisions set forth in the Plan, or to maintain the integrity of the Plan following the occurrence of the Effective Date;
- (m) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- (o) to hear and determine any other matters related to the Chapter 11 Cases and not inconsistent with the Bankruptcy Code or title 28 of the United States Code;
- (p) to resolve any disputes concerning whether a Person had sufficient notice of the Chapter 11 Cases, the Disclosure Statement, any solicitation conducted in connection with the Chapter 11 Cases, any bar date established in the Chapter 11 Cases, or any deadline for responding or objecting to a Cure Amount, in each case, for the purpose for determining whether a Claim or Interest is discharged hereunder or for any other purpose;
- (q) to recover all Assets of the Plan Debtors and property of the Estates, wherever located; and
- (r) to enter a final decree closing each of the Chapter 11 Cases.

2. Exemption from Certain Transfer Taxes.

Pursuant to, and to the fullest extent permitted by, section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer, or exchange of any securities, instruments, or documents, (b) the creation of any Lien, mortgage, deed of trust, or other security interest, (c) all sale transactions consummated by the Plan Debtors and approved by the Bankruptcy Court on and after the Confirmation Date through and including the Effective Date, including any transfers effectuated under the Plan, (d) any assumption, assignment, or sale by the Plan Debtors of their interests in Unexpired Leases of nonresidential real property or Executory Contracts pursuant to section 365(a) of the Bankruptcy Code, and (e) the issuance, renewal, modification, or securing of indebtedness by such means and the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including, without limitation, the Confirmation Order, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible, or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, regulatory filing or recording fee, sales tax, use tax, or other similar tax or governmental assessment. Consistent with the foregoing, each recorder of deeds or similar official for any county, city, or Governmental Unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring the payment of any filing fees, or taxes mentioned above in this paragraph.

3. Revocation or Withdrawal of Plan.

The Plan Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date as to any or all of the Plan Debtors, which for clarity, shall constitute a Supporting Holder Termination Event under the RSA. If, with respect to a Plan Debtor, the Plan has been revoked or withdrawn prior to the Effective Date, or if confirmation or the occurrence of the Effective Date as to such Plan Debtor does not occur on the Effective Date, then, with respect to such Plan Debtor: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases affected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void; and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claim by or against, or any Interest in, such Plan Debtor or any other Person; (ii) prejudice in any manner the rights of such Plan Debtor or any other Person; or (iii) constitute an admission of any sort by any Plan Debtor or any other Person.

4. Severability.

If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Plan Debtors, shall have the power to 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 by the Bankruptcy Court, the remainder of the terms and provisions of the Plan shall remain in full force and effect and will in no way be affected, impaired, or

invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with this Section, is valid and enforceable pursuant to its terms.

5. Governing Law.

Except to the extent that the Bankruptcy Code or other federal law is applicable or to the extent that a Plan Document provides otherwise, the rights, duties, and obligations arising under the Plan and the Plan Documents shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware, without giving effect to the principles of conflicts of laws thereof.

6. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Documents shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Plan Debtors, the Reorganized Debtors, the Holders of Claims and Interests, the Released Parties, and each of their respective successors and assigns.

7. Reservation of Rights.

Except as otherwise provided herein, the Plan shall be of no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the filing of the Plan, any statement, or provision of the Plan, or the taking of any action by the Plan Debtors with respect to the Plan, shall be or shall be deemed to be an admission or waiver of any rights of the Plan Debtors with respect to any Claims or Interests prior to the Effective Date.

IX. Plan Confirmation.

A. Plan Confirmation Hearing.

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a Plan. On, or as promptly as practicable after the filing of the Plan and this Disclosure Statement, the Plan Debtors will request, pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Plan Confirmation Hearing.¹¹ Notice of the Plan Confirmation Hearing will be provided to all known creditors, equity holders, or their representatives. The Plan Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Plan Confirmation Hearing or any subsequent adjourned Plan Confirmation Hearing.

¹¹ Because the Plan Debtors solicited the votes of the Supporting Holders before the Petition Date, the Plan Debtors will request that the Bankruptcy Court approve this Disclosure Statement in conjunction with the Confirmation Hearing.

B. Objections to Confirmation.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the particular Debtor or Plan Debtors, the basis for the objection and the specific grounds of the objection and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon such parties as the Bankruptcy Court may order.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. **UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING CONFIRMATION OF THE PLAN.**

C. Plan Confirmation Requirements Under the Bankruptcy Code.

Among the requirements for Confirmation of the Plan pursuant to section 1129 are: (i) the Plan is in the “best interests” of holders of claims and equity interests; (ii) the Plan is feasible and (iii) the Plan is accepted by all Impaired Classes of Claims, or if rejected by an Impaired Class or if an Impaired Class is deemed to reject, the Plan “does not discriminate unfairly and is fair and equitable” as to such Class.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Plan Debtors believe that: (i) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11; (ii) the Plan Debtors have complied or will have complied with all of the necessary requirements of chapter 11; and (iii) the Plan has been proposed in good faith.

D. Best Interests Test.

The Bankruptcy Code requires that, with respect to an impaired class of claims or interests, each holder of an impaired claim or interest in such class either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount (value) such holder would receive or retain if the Plan Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The Plan Debtors’ costs of a chapter 7 liquidation would necessarily include fees payable to a trustee in bankruptcy, as well as fees likely to be payable to attorneys, advisors, and other professionals that such a chapter 7 trustee may engage to carry out its duties under the Bankruptcy Code. Other costs of liquidating the Plan Debtors’ Estates would include the expenses incurred during the bankruptcy cases and allowed by the Bankruptcy Court in the chapter 7 case, such as reimbursable compensation for the Plan Debtors’ professionals, including, but not limited to, attorneys, financial advisors, appraisers, and accountants. In addition, claims would arise by reason of the Plan Debtors’ breach or rejection of contractual obligations and unexpired leases and executory contracts assumed or entered into by the Plan Debtors during the pendency of the bankruptcy cases.

The foregoing types of claims, costs, expenses, and fees that may arise in a chapter 7 liquidation case would be paid in full from the proceeds of the sale of the Plan Debtors' assets before the balance of those sales proceeds would be made available to pay pre-chapter 11 priority and unsecured claims. The Plan Debtors believe that in a chapter 7 liquidation, no prepetition claims or interests would receive any distribution of property from the Estates.

The liquidation analysis is only an estimation of the probable amount of sales proceeds that may be generated as a result of a hypothetical chapter 7 liquidation of the Plan Debtors' assets. In conducting this analysis, the Plan Debtors and their Professionals relied on a set of assumptions. These assumptions are described below. The liquidation analysis is not a current fair valuation of the Plan Debtors' assets and should not be considered indicative of the values that may be realized in an actual liquidation.

E. Liquidation Analysis.

The Plan Debtors will prepare a Liquidation Analysis (the "Liquidation Analysis"), which is attached hereto as Exhibit C. The Plan Debtors believe that any liquidation analysis is speculative, as such an analysis necessarily is premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Plan Debtors. Thus, there can be no assurance as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Plan Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

As noted above, the Plan Debtors believe that, under the proposed terms of the Plan, all holders of Impaired Claims and Interests will receive property with a value not less than the value such holders would receive in a chapter 7 liquidation of the Plan Debtors' assets. The Plan Debtors' belief is based primarily on consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Impaired Claims and Interests, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and professional advisors to the trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the rapid liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (iii) the adverse effects on the Plan Debtors' business as a result of the likely departure of key employees, doctors, and professional staff, (iv) the substantial increases in claims, (v) the reduction of value associated with a chapter 7 trustee's operation of the Plan Debtors' businesses, and (vi) the substantial delay in Distributions to the holders of Impaired Claims and Interests that would likely ensue in a chapter 7 liquidation.

Thus, the Plan Debtors believe that the creditors would receive more under the Plan than they would in a chapter 7 liquidation, due to the following factors –

- Under the Plan, the Reorganized Debtors will continue operating, which will allow General Unsecured Claims to be paid in the ordinary course of business. However, if the Plan Debtors are liquidated under chapter 7, their operations will cease, and there will no longer be any on-going operations that will enable Claims to be satisfied.

- Because all of the Plan Debtors' Assets are encumbered by the secured indebtedness of the secured Supporting Holders and any DIP Claims, these secured creditors would foreclose on their Collateral in a chapter 7 liquidation. The value of that Collateral in a foreclosure would be significantly less than the value of these Assets for a going-concern business that is continuing to operate, which means that the secured Supporting Holders would have significant deficiency Claims in a chapter 7. Given that the RSA provides that the secured Supporting Holders' deficiency Claims would only be waived upon the confirmation of the Plan, a conversion to chapter 7 would cause other General Unsecured Claims to be diluted by the secured Supporting Holders' deficiency Claims (which be paid on a pro rata basis with other General Unsecured Claims).
- The amount of General Unsecured Claims would also be higher in a chapter 7 liquidation on account of the fact that Executory Contracts and Unexpired Leases would be rejected, and counterparties to those agreements would have Rejection Claims which would share in the recoveries with other General Unsecured Claims, thereby reducing the recoveries for such creditors.

F. Feasibility.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a debtor must demonstrate that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. This is the so-called "feasibility" test. For purposes of determining whether the Plan meets this requirement, the Debtor has analyzed its ability to meet its obligations under the Plan. As part of this analysis, the Debtor will prepare the financial projections (the "Financial Projections"), which are attached hereto as Exhibit D.

THE FINANCIAL PROJECTIONS ARE BY THEIR NATURE FORWARD LOOKING, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE INFORMATION SET FORTH THEREIN. ACCORDINGLY, READERS OF THIS DISCLOSURE STATEMENT ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FINANCIAL PROJECTIONS, AND SHOULD CAREFULLY REVIEW THE RISK FACTORS CONTAINED IN ARTICLE X OF THIS DISCLOSURE STATEMENT THAT COULD IMPACT THE FEASIBILITY OF THE PLAN. THE FINANCIAL PROJECTIONS SHOULD NOT BE RELIED UPON AS NECESSARILY INDICATIVE OF FUTURE, ACTUAL RECOVERIES.

Holders of Claims against the Plan Debtors are advised that the Financial Projections were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles. Furthermore, the Plan Debtors' independent certified public accountants have not compiled or examined the Financial Projections and accordingly do not express any opinion or any other form of assurance with respect thereto and assume no responsibility for the Financial Projections.

The Financial Projections assume that (i) the Plan will be confirmed and consummated in accordance with its terms, (ii) there will be no material change in legislation or regulations, or the administration thereof, that will have an unexpected effect on the operations of the Reorganized Debtors, and (iii) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtors. Although considered reasonable by the Plan Debtors as of the date hereof, unanticipated events and circumstances occurring after the preparation of the Financial Projections may affect actual recoveries under the Plan.

The Plan Debtors believe that the Reorganized Debtors will be profitable and well capitalized, as a result of the funding that will be provided by the Exit Facility. More importantly, because a significant portion of the Secured Claims of the Supporting Holders will be converted to equity in the Reorganized Debtors (with the balance being satisfied from the Exit Facility or as an unsecured note from the Reorganized Debtors), the Reorganized Debtors will have significantly less indebtedness after they emerged from bankruptcy. Although the Plan Debtors were generally able to pay their trade creditors in the ordinary course of business, their operations did not generate sufficient cash to service their secured indebtedness. Because the Reorganized Debtors will not have to service the indebtedness that the Supporting Holders held prior to the Petition Date and because the obligations under the Exit Facility and, if applicable, the take-back notes issued to Riverstone and its Affiliates, will be significantly less than Supporting Holders' Claims, the Plan Debtors believe that the Plan is feasible and that the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation of the Reorganized Debtors or the need for further reorganization.

The Plan Debtors do not intend to update or otherwise revise the Financial Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Plan Debtors do not intend to update or revise the Financial Projections to reflect changes in general economic or industry conditions.

G. Section 1129(b).

Section 1129(b) of the Bankruptcy Code provides that the Bankruptcy Court may confirm the Plan even if a class of impaired claims or interests votes to reject the plan if the plan does not unfairly discriminate and is fair and equitable with respect to each impaired class of claims or interests that has not accepted the Plan.

1. No Unfair Discrimination.

The "no unfair discrimination" test requires that the Plan not provide for unfair treatment with respect to classes of Claims or Interests that are of equal priority, but are receiving different treatment under the Plan. Because all Classes of Claims and Interests of equal priority are receiving the same treatment, the Plan does not discriminate unfairly.

2. Fair and Equitable.

The fair and equitable requirement applies to Classes of Claims of different priority and status, such as secured versus unsecured. A plan satisfies the fair and equitable requirement if no

class of claims receives more than 100% of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class (“Dissenting Class”), *i.e.*, a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply:

a. Class of Secured Claims.

Each holder of an impaired secured claim either (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan of at least the allowed amount of such claim, (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof), or (iii) receives the “indubitable equivalent” of its allowed secured claim.

b. Class of Unsecured Creditors.

Either (i) each holder of an impaired unsecured claim receives or retains under the Plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the Dissenting Class will not receive any property under the Plan.

c. Class of Interests.

Either (i) each interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the interests of the Dissenting Class will not receive any property under the plan.

The Plan is fair and equitable because it follows the priority structure of the Bankruptcy Code in that all Classes of Claims are Unimpaired (except for the Supporting Holders, who have agreed to different treatment). Any remaining value from the Plan Debtors’ Estates will then flow to EPI on account of its Interests in the Plan Debtors.

Additionally, no Dissenting Class can establish that any Class of Claims will receive more than 100% of the amount of their Allowed Claims. Unsecured Claims will receive cash up to the amount of their Allowed Claims, and the Secured Claims of the Supporting Holders will be satisfied by the issuance of the New Equity Interests in Reorganized Aneth (to the extent not paid by the proceeds of the Exit Facility or converted into an unsecured note that will be paid by the Reorganized Debtors). Based on analyses that were conducted by the Debtors’ advisors before the Petition Date, these New Equity Interests will not be more than 100% of the amount of the Supporting Holders’ Claims. A valuation of the Plan Debtors will be included in the Plan Supplement.

X. Risks and Considerations.

Although the Plan Debtors believe that confirmation of the Plan is in the best interest of all Holders of Claims and Interests, it is not possible to predict with certainty the results of implementing the Plan. Parties should therefore consider the following risks when determining whether to support the Plan.

A. Bankruptcy Considerations.

Although the Plan Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed or that it will approve all of the other transactions that relate to the consummation of the Plan.

Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes. Although the Plan Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing.

In the event the conditions to the Effective Date have not been satisfied, or waived (to the extent possible) by the Plan Debtors or applicable party (as provided for in the Plan) as of the Effective Date, then the Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Plan Debtors and all Holders of Claims and Interests will be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

Notwithstanding the fact that Classes may reject the Plan, the Bankruptcy Court may confirm the Plan if at least one Impaired Class votes to accept the Plan (with such acceptance being determined without including the vote of any “insider” in such class). As to each Impaired Class that has not accepted the Plan, the Plan may be confirmed if the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to these Classes. The Plan Debtors believe that the Plan satisfies these requirements.

B. Exit Facility.

One condition to the Plan being consummated is the requirement that the Exit Facility close and that such funding be sufficient to provide funding for the future operations of the Reorganized Debtors and to satisfy DIP claims, First Lien Credit Agreement Secured Claims owed to Riverstone and its Affiliates, and Revolving Facility Credit Agreement Claims, to the extent provided in the Plan. Although the Plan Debtors believe that they will be able to satisfy this condition, there is no guarantee that a lender will agree to provide the financing that is necessary under the Plan.

C. Competition.

Companies operating in the oil and gas industry face a high level of competition, and energy prices are affected by numerous factors. Because this is a global industry, there are numerous dynamics that cause these prices to be highly volatile, most of which cannot be

predicted and are outside the control of the Debtors. The Reorganized Debtors will compete with numerous other companies providing similar services. There is no assurance that the Reorganized Debtors will be able to compete successfully. Accordingly, the companies cannot predict what effect competitive pressures will have on the business going forward.

D. Loss of Senior Management.

The Plan Debtors depend on the services of their senior management. Therefore, the loss of the services of such senior management could have a material adverse effect on their business, financial conditions, and results of operation.

E. Government Regulation.

The energy industry is heavily regulated by state and federal authorities. Each state in which the Plan Debtors has different regulations. The Plan Debtors are required to satisfy the regulations of each state where it operates. Regulation of the energy industry is constantly evolving and therefore somewhat uncertain. State regulations may in the future adopt new laws, regulations, and/or policies regarding a wide variety of matters related to this industry, which could directly or indirectly affect the operation, management, and/or ownership of the Plan Debtors' operations. The Plan Debtors are unable to predict the content of any new regulations that may affect their operations or what impact new regulations may have on future financial performance.

F. Transfer Restrictions.

The interests to be issued pursuant to the terms of the Plan have not been, nor will they be, registered under the Securities Act, or any state or blue sky securities laws. The interests cannot be transferred without registration under the Securities Act or, if applicable, the securities laws of any state or other jurisdiction, unless such a transaction is exempt from registration.

G. Lack of Marketability.

There is no readily available market for the interests issued pursuant to the Plan, and no such market is expected to develop. The absence of such a market for the interests could hinder the holders of such interests ability to resell the interests. The Plan Debtors make no assurance that the holders of such interests will be able to liquidate the interests until the interests are redeemed.

Any interests issued in connection with under the Plan may not be listed on any public securities exchange. Accordingly, there is no assurance that a holder of newly issued interests will be able to sell such interests in the future on an active public securities market. The lack of a public market for trading such interests and other factors, such as future economic conditions, may lead to a higher or lower value than the value ascribed to such securities or interests under the Plan.

H. No Duty to Update Disclosures.

The Plan Debtors have no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Plan Debtors are required to do pursuant to an order of the Bankruptcy Court. Delivery of the Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

I. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Plan Debtors, the Reorganized Debtors, and the Plan that are authorized by the Bankruptcy Code and the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by holders of Claims or Interests that are entitled to vote to accept or reject the Plan.

J. Tax and Other Related Considerations.

The contents of this Disclosure Statement is not intended and should not be construed as tax, legal, business, or other professional advice. Holders of Claims and/or Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

K. Factors Impacting Recoveries on Account of EPI's Interests in the Plan Debtors.

Because certain Causes of Action of the Plan Debtors will be placed into the Aneth Trust for the benefit of the EPI estate on account of its Interests in the Plan Debtors, it is difficult to quantify the value that will be distributed to the EPI Estate. The EPI Estate is only entitled to a distribution under the Plan to the extent that Cash proceeds of the Aneth Trust Assets exist, and only then to the extent that the amount of Cash proceeds from the Aneth Trust Assets is sufficient to pay in full all Allowed General Unsecured Claims and Subordinated Claims of Aneth. Such Causes of Action will be expensive to pursue, and it may be difficult for the Aneth Trustee to fund such litigation costs. Moreover, because litigation is inherently unpredictable, the Plan Debtors cannot predict whether sufficient Cash proceeds from the Aneth Trust Assets will exist to make any distribution to the EPI Estate after payment in full of all Allowed General unsecured Claims and Subordinated Claims.

XI. Alternatives to Confirmation and Consummation of the Plan.

The Plan Debtors have evaluated alternatives to the Restructuring and believe that the Plan is the optimal approach to resolving the Plan Debtors' capital requirements, implementing a balance-sheet restructuring and maximizing the prospects of a successful turnaround and value for stakeholders and, therefore, is in the best interests of the Plan Debtors' Estates.

Under the Plan, the secured claims held by the Supporting Holders will be paid from the proceeds of the Exit Facility on the Effective Date, or if not paid in full from the proceeds of the

Exit Facility, the unpaid secured claims will be converted into 100% of the common stock of the Reorganized Debtors, and General Unsecured Claims are Unimpaired.

If the Plan as proposed, however, is not confirmed, the following three alternatives may be available to the Plan Debtors: (a) a liquidation of the Plan Debtors' assets pursuant to chapter 7 of the Bankruptcy Code; (b) an alternative plan of reorganization may be proposed and confirmed; or (c) the Plan Debtors assets may be sold pursuant to Bankruptcy Code section 363.

A. Chapter 7 Liquidation.

If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy Court, the Chapter 11 Cases may be converted to liquidation cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed, pursuant to applicable provisions of chapter 7 of the Bankruptcy Code, to liquidate the assets of the Plan Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a chapter 7 liquidation would have on the recoveries of holders of Claims is set forth above. The Plan Debtors believe that such a liquidation would result in smaller distributions being made to the Plan Debtors' creditors than those provided for in the Plan because (a) the likelihood that other assets of the Plan Debtors would have to be sold or otherwise disposed of in a less orderly fashion, (b) additional administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals, and (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and other executory contracts in connection with a cessation of the Plan Debtors' operations. In a chapter 7 liquidation, the Plan Debtors believe that there would be little or no Distribution to holders of Allowed Claims.

The Liquidation Analysis, which will be included in the Plan Supplement, will demonstrate that Holders of Claims and Interests would not have a greater recovery in a chapter 7 liquidation than provided for in the Plan.

B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code.

If the Plan is not confirmed, the Plan Debtors, or any party in interest (if, pursuant to section 1121 of the Bankruptcy Code, the Plan Debtors have not filed a plan within the time period prescribed under the Bankruptcy Code) may propose a different plan. Such a plan might involve either an alternative reorganization structure and continuation of the business or an orderly liquidation of the Plan Debtors' assets in a chapter 11 bankruptcy proceeding. The Plan Debtors believe that the terms of the Plan result in the realization of the most value for holders of Claims and Interests against the Plan Debtors' Estates. If the Plan Debtors were to liquidate their assets in the Chapter 11 Cases, the Plan Debtors would still incur the expenses attendant with closing or winding down operations or transferring the Plan Debtors' business to new owners. Such a liquidation process would be carried out over a lengthier time period. Further, the appointment of a trustee is not required or usual in a chapter 11 case. Accordingly, expenses related to professional fees would most likely be less than professional fee expenses in a chapter 7 liquidation case.

C. Section 363 Sale.

If the Plan as proposed is not confirmed, a sale (“363 Sale”) of the Plan Debtors’ assets pursuant to Bankruptcy Code section 363 may be pursued by the Plan Debtors. In such an instance, secured creditors may have a right to credit bid as consideration in whole or part for the assets to be acquired, which means that, unless a third party would pay more than the amount of the secured indebtedness, no creditors would receive any cash under a 363 Sale.

After such a 363 Sale is consummated, a plan of reorganization pursuant to chapter 11 of the Bankruptcy Code may be filed with the Bankruptcy Court with respect to any remaining property of the Estates.

THE PLAN DEBTORS THEREFORE BELIEVE THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER BENEFITS TO HOLDERS OF CLAIMS AND INTERESTS THAN WOULD ANY OTHER ALTERNATIVE AND SHOULD BE CONFIRMED PROMPTLY.

XII. Securities Law Matters.

A. The Solicitation.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(c) and not necessarily in accordance with federal or state securities laws or other laws governing disclosure outside the context of chapter 11 of the Bankruptcy Code. The Plan Debtors are soliciting acceptances of the Plan from the Voting Parties upon the terms and subject to the conditions set forth in this Disclosure Statement and consistent with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, and applicable non-bankruptcy law. This Disclosure Statement has been neither approved nor disapproved by the SEC nor any state regulatory authority, nor has the SEC nor any state regulatory authority passed upon the accuracy or adequacy of the statements contained herein.

B. Issuance of the New Equity Interests Under the Plan.

The Plan provides for the Reorganized Debtors to distribute the New Equity Interests to certain of the Supporting Holders. The Plan Debtors believe that the New Equity Interests will be “securities,” as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and applicable state securities laws (“Blue Sky Laws”).

Notwithstanding the foregoing, the Plan Debtors will rely on section 1145(a)(1) of the Bankruptcy Code to exempt the exchange, issuance and distribution of the New Equity Interests and any other equity interests in the Reorganized Debtors to Holders of Claims against the Plan Debtors under the Plan from the registration requirements of the Securities Act and any Blue Sky Laws, insofar as, for the Reorganized Debtors, (i) the securities are issued by the Reorganized Debtors; (ii) the recipients of securities hold Claims against the Plan Debtors; and (iii) the securities are issued entirely in exchange for a recipient’s Claim against the Plan Debtors.

XIII. Certain U.S. Federal Income Tax Consequences.

THIS SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

The following discussion summarizes certain U.S. federal income tax consequences to the Plan Debtors and to certain holders of Allowed Claims and Interests of the implementation of the Plan. This discussion does not address the U.S. federal income tax consequences to holders of Allowed Claims and Interests who are Unimpaired or otherwise entitled to payment in full in Cash under the Plan.

The following tax discussion is based on the Internal Revenue Code (the “Tax Code”), the Treasury regulations promulgated thereunder (the “Treasury Regulations”), judicial authorities, published positions of the Internal Revenue Service (“IRS”), and any other published administrative rules and pronouncements of the IRS, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Plan Debtors have not requested a ruling from the IRS or any other regulatory authority, or an opinion of counsel, with respect to any of the tax aspects of the transactions contemplated under the Plan, and the discussion below is not binding upon the IRS or such other authorities. Thus, no assurance can be given that the IRS or such other authorities would not assert, or that a court would not sustain, a different position from any discussed herein.

This summary does not address foreign, state, or local tax consequences of the transactions contemplated under the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (e.g., foreign persons, mutual funds, small business investment companies, regulated investment companies, banks and certain other financial institutions, insurance companies, tax-exempt organizations, holders that are, or hold existing notes through, pass-through entities, persons whose functional currency is not the U.S. dollar, dealers in securities or foreign currency, and persons holding existing notes that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction). The following discussion assumes that holders of Allowed Claims and Interests hold such Claims as “capital assets” within the meaning of section 1221 of the Tax Code. This summary also assumes that the Claims to which any of the Plan Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form, and that the Claims constitute interests in the Plan Debtors “solely as a creditor” for purposes of section 897 of the Tax Code. The U.S. federal income tax consequences of the implementation of the Plan to the Plan Debtors, the Reorganized Debtors, and Holders of Claims described below also may vary depending on the nature of any transactions consummated pursuant to the Plan that the Plan Debtors or Reorganized Debtors engage in, as applicable. This discussion does not address the U.S. federal income tax consequences to Holders (a) whose Claims are Unimpaired

or otherwise entitled to payment in full under the Plan, or (b) that are deemed to accept or deemed to reject the Plan. Additionally, this discussion does not address any consideration being received other than in a person's capacity as a Holder of a Claim. For the avoidance of doubt, this summary does not discuss the treatment of the receipt of the New Equity pursuant to a management incentive plan. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to holders of Allowed Claims and Interests based upon their particular circumstances, and the following discussion does not address U.S. federal taxes other than income taxes.

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) holds a Claim or Interest, the tax treatment of a partner (or other beneficial owner) will generally depend upon the status of the partner (or other beneficial owner) and upon the activities of the partnership. Partners (or other beneficial owners) of partnerships (or other entities treated as partnerships or other pass-through entities) that hold Claims or Interests should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and individualized advice based upon the circumstances pertaining to each Holder of an Allowed Claim or Interest. Holders of Claims or Interests are urged to consult their own tax advisors as to the U.S. federal income tax consequences, as well as other tax consequences, including under any applicable state, local, and foreign law, upon implementation of the Plan.

A. Consequences to the Plan Debtors.

For U.S. federal income tax purposes, the Plan Debtors are currently disregarded as entities separate from EPI. Assuming that the Plan Debtors do not elect under applicable U.S. federal income tax law to be classified as corporations prior to consummation of the transactions pursuant to the Plan, the Plan Debtors do not believe that the consummation of the transactions pursuant to the Plan should result in the Plan Debtors recognition of any U.S. federal income tax.

B. Consequences to Holders of Claims or Interests.

The U.S. federal income tax consequences to the Claims of the Supporting Holders in connection with the Plan are complex and depend upon a number of factors including the form of the transactions undertaken to consummate the Plan. Pursuant to the RSA, the form of the transaction undertaken to consummate the Plan will be conducted in a tax efficient manner for the Supporting Holders, and accordingly, the Supporting Holders should consult their tax advisers regarding their U.S. federal income tax consequences in connection with the Plan.

1. U.S. Federal Income Tax Consequences to the U.S. Holders of Claims.

Pursuant to the Plan, in exchange for full and final satisfaction, compromise, settlement, release, and discharge of the Claims, certain U.S. Holders thereof will receive Cash and their pro rata share of and interest in (a) take-back notes, (b) the New Equity Interests in Reorganized Aneth, and/or (c) the Aneth Trust, as applicable. A U.S. Holder of the Claim will be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the Tax

Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest, the U.S. Holder should recognize gain or loss in an amount equal to the difference, if any, between (a) the sum of (i) the amount of cash received, (ii) the fair value of the New Equity Interests received, (iii) the “issue price” of the take-back notes received, and (iv) the fair value of the interests in the Aneth Trust received (as applicable), and (b) the U.S. Holder’s adjusted tax basis in its Claim. The character of such gain as capital gain or ordinary income will be determined by a number of factors including the tax status of the U.S. Holder, the rules regarding “market discount” (as discussed below) and accrued but untaxed interest, whether the Claim constitutes a capital asset in the hands of the U.S. Holder, and whether and to what extent the U.S. Holder had previously claimed a bad debt deduction with respect to its Claim. If recognized gain or loss is capital in nature, it generally would be long-term capital gain if the U.S. Holder held its Claim for more than one year at the time of the exchange. The holding period for New Equity Interests and the take-back notes received should begin on the day following the Effective Date. The U.S. Holder should obtain a tax basis in the New Equity equal to the fair market value of the New Equity Interests received. The U.S. Holder should obtain a tax basis in the take-back notes received equal to the “issue price” of the take-back notes.

a. Accrued but Untaxed Interest (or OID).

A portion of the consideration received by a U.S. Holder of a Claim may be attributable to accrued but untaxed interest on such Claim. Such amount should be taxable to that U.S. Holder as ordinary interest income if such accrued interest has not been previously included in the U.S. Holder’s gross income for U.S. federal income tax purposes. Conversely, U.S. Holders of Claims may be able to recognize a deductible loss to the extent that any accrued interest on the Claims was previously included in the U.S. Holder’s gross income but was not paid in full by the Plan Debtors. Such loss may be ordinary, but the tax law is unclear on this point. If the fair value of the consideration is not sufficient to fully satisfy all principal and interest on Allowed Claims, the extent to which such consideration will be attributable to accrued but untaxed interest is unclear. Under the Plan, the aggregate consideration to be distributed to U.S. Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to untaxed interest that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but untaxed interest. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan. U.S. Holders of Claims should consult their respective tax advisors regarding the proper allocation of the consideration received by them under the Plan between principal and accrued but untaxed interest in such event.

b. Market Discount.

Under the “market discount” provisions of the Tax Code, some or all of any gain realized by a U.S. Holder in the surrender of its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of “market discount” on the debt instruments constituting the exchanged Claim. In general, a debt instrument is considered to have been acquired with “market discount” if it is acquired other than on original issue and if the U.S.

Holder's initial tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (ii) in the case of a debt instrument issued with original issue discount ("OID"), its adjusted issue price, in each case, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity). Any gain recognized by a U.S. Holder on the taxable disposition of an Allowed Claim (as described below) that was acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claim was considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). U.S. federal income tax laws enacted in December 2017 added section 451 of the Tax Code. This new provision generally would require accrual method U.S. Holders that prepare an "applicable financial statement" (as defined in section 451 of the Tax Code) to include certain items of income (such as market discount) no later than the time such amounts are reflected on such a financial statement. The application of this rule to income of a debt instrument with market discount is effective for taxable years beginning after December 31, 2018. However, the IRS recently announced in Notice 2018-80 that it intends to issue proposed Treasury Regulations confirming that taxpayers may continue to defer income (including market discount income) for tax purposes until there is a payment or sale at a gain. Accordingly, although market discount may have to be included in income currently as it accrues for financial accounting purposes, taxpayers may continue to defer the income for tax purposes. U.S. Holders are urged to consult their own tax advisors concerning the application of the market discount rules to their Claims.

c. Medicare Tax.

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8% tax on, among other things, gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of any consideration to be received under the Plan.

2. U.S. Federal Income Tax Consequences to Holders of Interests.

With respect to Interests in the Plan Debtors, the completion of the transactions pursuant to the Plan may result in both the recognition by EPI of gain subject to U.S. federal income tax and cancellation of indebtedness income. Any taxable gain recognized by EPI may result in U.S. federal income tax to the extent such gain is in excess of EPI's current operating losses, and subject to the limitation described below, net operating loss carryforwards. EPI is unable to project its current operating losses. Additionally, EPI has significant net operating loss carryforwards. EPI's use of such losses to shelter taxable gain from consummation of the Plan is subject to significant limitations under section 382 of the Tax Code. The application of the limitations under section 382 of the Tax Code is complex and highly dependent upon various facts. EPI believes that it should not be subject to U.S. federal income tax on any cancellation of indebtedness income arising from consummation of the transaction under the Plan.

3. U.S. Federal Income Tax Consequences to Non-U.S. Holders of Allowed Claims.

The following discussion assumes that the Plan Debtors or Reorganized Debtors, as applicable, will undertake the transactions currently contemplated by the Plan and includes only certain U.S. federal income tax consequences of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder is urged to consult its own tax advisor regarding the U.S. federal, state, and local and the non-U.S. tax consequences of the consummation of the Plan to such Non-U.S. Holder.

a. Gain Recognition.

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (i) the Non-U.S. Holder is an individual who was present in the United States for a hundred and eighty-three (183) days or more during the taxable year in which the transactions pursuant to the Plan occur and certain other conditions are met or (ii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States). If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain in the same manner as a U.S. Holder (except that the Medicare tax would generally not apply). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

b. Accrued but Untaxed Interest (or OID)

Payments made to a Non-U.S. Holder under the Plan that are attributable to accrued but untaxed interest (or OID) generally will not be subject to U.S. federal income or withholding tax; provided, that (i) such Non-U.S. Holder is not a bank, (ii) such Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of the stock of EPI, as applicable, and (iii) the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E, as applicable, or other applicable IRS Form W-8) establishing that the Non-U.S. Holder is not a U.S. person, unless such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (i) generally will not be subject to withholding tax, but (ii) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such

Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest (or OID) at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)). A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest (or OID) that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty, provided certain certification requirements are satisfied) on payments that are attributable to accrued but untaxed interest (or OID). For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, as applicable, or other applicable IRS Form W-8, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

C. U.S. Federal Income Tax Consequences of the Aneth Trust.

The Aneth Trust will be organized for the primary purpose of liquidating the assets transferred to it with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Aneth Trust. Thus, the Aneth Trust is intended to be classified for federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulations section 301.7701-4(d). The provisions of the Aneth Trust Agreement and the Plan are intended to satisfy the guidelines for classification as a liquidating trust that are set forth in Revenue Procedure 94-45, 1994-2 C.B. 684. Under the Plan, all parties are required to treat the Aneth Trust as a liquidating trust, subject to contrary definitive guidance from the IRS. In general, a liquidating trust is not a separate taxable entity but rather is treated as a grantor trust, pursuant to sections 671 through 679 of the Tax Code, owned by the persons who are treated as transferring assets to the Trust.

No request for a ruling from the IRS will be sought on the classification of the Aneth Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Aneth Trust. If the IRS were to challenge successfully the classification of the Aneth Trust as a grantor trust, the federal income tax consequences to the Aneth Trust and the Aneth Trust Beneficiaries could vary from those discussed in the Plan (including the potential for an entity-level tax). For example, the IRS may characterize some or all of the Aneth Trust as a grantor trust for the benefit of the Plan Debtors or as otherwise owned by and taxable to the Plan Debtors. Alternatively, the IRS could characterize the Aneth Trust as a so-called "complex trust" subject to a separate entity-level tax on its earnings, except to the extent that such earnings are distributed during the taxable year.

Consistent with the intended treatment, Aneth Trust Beneficiaries will be treated for federal income tax purposes as the grantors and owners of their share of the assets held by the Aneth Trust. No tax should be imposed on the Aneth Trust on earnings generated by the assets held by the Aneth Trust. Instead, each Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit recognized or incurred by the Aneth Trust. None of the Plan Debtors' loss carryforwards will be available to reduce any income or gain of the Aneth Trust. Moreover, upon the sale or other disposition (or deemed disposition) of any Aneth Trust Asset, each Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust must report on its federal

income tax return its share of any gain or loss measured by the difference between (1) its share of the amount of cash and/or the fair market value of any property received by the Aneth Trust in exchange for the Aneth Trust Asset so sold or otherwise disposed of and (2) such Aneth Trust Beneficiary's adjusted tax basis in its share of the Aneth Trust Asset. The character of any such gain or loss to the Aneth Trust Beneficiary will be determined as if such Aneth Trust Beneficiary itself had directly sold or otherwise disposed of the Aneth Trust Asset. The character of items of income, gain, loss, deduction and credit to any Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust, and the ability of the Aneth Trust Beneficiary to benefit from any deductions or losses, may depend on the particular circumstances or status of the Aneth Trust Beneficiary.

Given the treatment of the Aneth Trust as a grantor trust, each Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust has an obligation to report its share of the Aneth Trust's tax items (including gain on the sale or other disposition of a Aneth Trust Asset) which is not dependent on the distribution of any cash or other Aneth Trust Assets by the Aneth Trust. Accordingly, a Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust may incur a tax liability as a result of owning a share of the Aneth Trust Assets, regardless of whether the Aneth Trust distributes cash or other assets. Due to the requirement that the Aneth Trust maintain certain reserves, the Aneth Trust's ability to make current Cash distributions may be limited or precluded. In addition, due to possible differences in the timing of income on, and the receipt of cash from the Aneth Trust Assets, a Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust may be required to report and pay tax on a greater amount of income for a taxable year than the amount of cash received by the Aneth Trust Beneficiary during the year.

The Aneth Trust will file annual information tax returns with the IRS as a grantor trust pursuant to Treasury Regulations section 1.671-4(a) that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the Aneth Trust Assets (e.g., income, gain, loss, deduction and credit). Each Aneth Trust Beneficiary holding a beneficial interest in the Aneth Trust will receive a copy of the information returns and must report on its federal income tax return its share of all such items. The information provided by the Aneth Trust will pertain to Aneth Trust Beneficiaries who received their interests in the Aneth Trust in connection with the Plan.

Subject to contrary definitive guidance from the IRS or a court of competent jurisdiction (including the receipt by the Aneth Trustee of an IRS private letter ruling if the Aneth Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Aneth Trustee), the Aneth Trustee may (A) elect to treat any Disputed Claims reserve as a "disputed ownership fund" governed by Treasury Regulation section 1.468B-9 and (B) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes.

Accordingly, any Disputed Claims reserve may be subject to tax annually on a separate entity basis on any net income earned with respect to the Aneth Trust Assets in such reserves, and all distributions from such reserves (which distributions will be net of the related expenses of the reserve) will be treated as received by holders in respect of their Claims as if distributed by the Plan Debtors. All parties (including, without limitation, the Plan Debtors, the Aneth Trustee

and the Aneth Trust Beneficiaries) will be required to report for tax purposes consistently with the foregoing.

D. Information Reporting and Withholding.

All distributions to holders of Allowed Claims and Interests under the Plan are subject to any applicable withholding obligations (including employment tax withholding). Under U.S. federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to “backup withholding” at the then-applicable rate. Backup withholding generally applies if the holder (1) fails to furnish its social security number or other taxpayer identification number (“TIN”); (2) furnishes an incorrect TIN; (3) fails properly to report interest or dividends; or (4) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer’s claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these Treasury Regulations and require disclosure on the Holders’ tax returns.

The foregoing summary has been provided for informational purposes only. All holders of Claims and Interests are urged to consult their tax advisors concerning the federal, state, local and other tax consequences applicable under the Plan.

XIV. Recommendation and Conclusion.

The Plan Debtors believe that confirmation of the Plan is in the best interests of the Plan Debtors, their creditors, equity interest holders, Estates, and other stakeholders, including the Voting Parties. For these reasons, the Plan Debtors urge the Voting Parties to vote to accept the Plan and to evidence such acceptance by duly completing and returning their ballots so that they will actually be received by the Voting Agent on or before the Voting Deadline on May 22, 2019.

Dated: May 22, 2019

By: /s/ Scott Pinonnault
 Name: Scott Pinonnault
 Title: Chief Restructuring Officer