U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

United States Bankruptcy Judge

Signed November 19, 2010

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

	§	
	§	
IN RE:	§	**Case No. 10-33565-SGJ**
	§	
TRIDIMENSION ENERGY, L.P., *et al.*,	§	**Chapter 11**
	§	
DEBTORS.	§	**Jointly Administered**
	§	
	§	

ORDER AUTHORIZING (A) THE SALE OF THE DEBTORS' RIGHT, TITLE AND INTEREST IN, TO AND UNDER SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF CLAIMS, ENCUMBRANCES, LIENS, AND INTERESTS, (B) THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (C) RELATED RELIEF

At a hearing on November 17, 2010 (the "Sale Hearing"), this Court considered the *Motion for an Order Authorizing (A) the Sale of the Debtors' Right, Title and Interest In, To and Under Substantially All of the Debtors' Assets Free and Clear of Claims, Encumbrances, Liens, and Interests, (B) the Assumption and Assignment of Executory Contracts and Unexpired Leases,*

and (C) Related Relief (the "Sale Motion")[1] filed by the above-referenced debtors and debtors-in-possession (collectively, the "Debtors")[2] pursuant to sections 105, 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order, *inter alia*: (a) authorizing the sale of the Debtors' right, title and interest in, to an under substantially all of the Debtors' assets (collectively, the "Properties") to SR Acquisition I, LLC (the "Potential Buyer") in accordance with that certain Asset Purchase Agreement dated as of October 18, 2010 (the "Original Purchase Agreement") by and among the Potential Buyer and the Debtors or to such other Successful Bidder (as defined in the Bid Procedures) in accordance with a definitive agreement for an Alternative Transaction (as defined in the Bid Procedures) and (b) the assumption and assignment of executory contracts and unexpired leases, all as more fully described in the Sale Motion. The Court finds and determines that:[3]

A. This Court has jurisdiction to consider the Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334. The consideration of the Sale Motion and the relief requested is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief sought in the Sale Motion are Bankruptcy Code §§ 105(a), 363, and 365 and Bankruptcy Rules 2002, 6004, 6006, and 9014.

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[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Sale Motion.

[2] The Debtors are TriDimension Energy, L.P., Axis E&P, LP, Axis Onshore, LP, Axis Marketing, LP, Ram Drilling, LP, TDE Property Holdings, LP, TDE Operating GP LLC, and TDE Subsidiary GP LLC.

[3] In accordance with Bankruptcy Rule 7052, when appropriate, all findings of fact shall be construed as conclusions of law, and all conclusions of law shall be construed as findings of fact.

C. Contemporaneously with the filing of the Sale Motion, the Debtors filed their *Motion to (A) Approve the Procedures for the Solicitation of Offers; (B) Approve the Form and Manner of Notice; (C) Approve Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases; (D) Approve the Bid Protections and Procedures; and (E) Approve a Break-Up Fee in Connection with the Transaction Contemplated by the Purchase Agreement* [Docket No. 365] (the "Bid Procedures Motion") by which the Debtors sought authority to implement, among other things, certain sale, auction, and notice procedures (the "Bid Procedures");

D. On October 29, 2010, after appropriate notice and hearing, this Court entered the *Order (A) Approving the Procedures for the Solicitation of Offers; (B) Approving the Form and Manner of Notice; (C) Approving Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases; (D) Approving the Bid Protections and Procedures; and (E) Approving a Break-Up Fee in Connection with the Transaction Contemplated by the Purchase Agreement* [Docket No. 399] (the "Bid Procedures Order"). The Bid Procedures Order approved the Bid Procedures and other relief requested in the Bid Procedures Motion.

E. On October 19, 2010, the Debtors filed the Sale Motion by which they sought, among other things, an order (a) authorizing the sale of the Properties to the Potential Buyer or such other Successful Bidder free and clear of all claims, encumbrances, liens, and interests (other than as set forth in the Original Purchase Agreement or other definitive agreement to effectuate an Alternative Transaction), and (b) the assumption and assignment of executory contracts and unexpired leases and rights thereunder, all as more fully set forth in the Sale Motion.

F. As evidenced by the *Certificates of Service* [Docket Nos. 372 and 397] filed on October 20, 2010 and October 28, 2010, respectively, and the *Certificate of Service* attached to the Sale Motion, the Sale Motion was served by (a) first class United States mail, postage prepaid on (i) the parties identified on the Master Service List maintained in these Cases (who do not receive electronic notice) at the addresses set forth therein and (ii) all known holders of liens and security interests in any of the Debtors' assets; and (b) the Court's electronic filing system on those parties receiving electronic notice by such system. As evidenced by the *Certificates of Service* [Docket Nos. 414 and 417] filed on November 3, 2010 and November 4, 2010, respectively, the Transaction Notice (as defined in the Bid Procedures Order), which included, among other things, notice of the Sale Motion, the Bid Procedures, the Auction, the Sale Hearing, the deadline to file objections to the Sale Motion, the deadline to file Rights Notices, and the relief granted in this Order, was served by (a) first class United States mail, postage prepaid on (i) the parties identified on the Master Service List maintained in these Cases (who do not receive electronic notice) at the addresses set forth therein, (ii) the parties identified on the Creditor Matrix filed in these Cases at the addresses set forth therein, (iii) the parties that have filed proofs of claim in these Cases at the addresses set forth in the respective proofs of claim, (iv) the counterparties to executory contracts and unexpired leases with one or more of the Debtors, (v) known holders of liens and security interests in any assets of the Debtors, (vi) all current and former employees of any of the Debtors who were employed by the Debtors at any time within two (2) years of the Petition Date, (vii) all known environmental agencies having jurisdiction over any of the Properties, including the Environmental Protection Agency, (viii) all known taxing authorities having jurisdiction over any of the Properties, including the Internal

Revenue Service, (ix) all parties who have filed a written request for notice in any of the Cases pursuant to Bankruptcy Rule 2002, (x) all of the Debtors' current customers and vendors, (xi) all known opposing parties in all litigation pending or threatened against any of the Debtors, (xii) all other known parties who have expressed an interest in acquiring the Debtors or any of their assets, and (xiii) all other known potential creditors in these Cases; and (b) the Court's electronic filing system on those parties receiving electronic notice by such system. As evidenced by *Affidavits of Publication* filed on November 15 and 16, 2010 [Docket Nos. and 453, 454 and 463], a summary version of the Transaction Notice was also published for one day in the Southwest Edition of the *Wall Street Journal*, the Baton Rouge *Advocate*, and the *Natchez Democrat* and a conspicuous copy of the Transaction Notice was placed on the Debtors main website at http://www.tridimensionenergy.com. The Court finds the scope and manner of notice and service to be proper, timely, adequate, and sufficient in accordance with Bankruptcy Code §§ 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004, 6007, and 9014, and in compliance with the Bid Procedures Order. No further notice of the Sale Motion, the Bid Procedures, the Auction, or the Sale Hearing is or shall be required.

G. As evidenced by the *Certificates of Service* [Docket Nos. 408, 414, 428, and 446] filed on November 2, 2010, November 3, 2010, and November 9, 2010, respectively, the Assumption Notice (as defined in the Bid Procedures Order), which included, among other things, notice to all counterparties of the potential assumption and assignment of their Desired

365 Contracts[4] and rights thereunder and the maximum amount that the Debtors may pay to cure all defaults, if any, and to pay all losses and damages that have resulted from defaults, under Desired 365 Contracts that the Debtors propose to assume and assign, was served by (a) first class United States mail, postage prepaid on (i) the parties identified on the Master Service List (who do not receive electronic notice) at the addresses set forth therein, and (ii) all counterparties to the Desired 365 Contracts; and (b) the Court's electronic filing system on those parties receiving electronic notice by such system. The Court finds the scope and manner of notice and service with respect thereto to be proper, timely, adequate, and sufficient in accordance with Bankruptcy Code §§ 105(a), 363 and 365 and Bankruptcy Rules 2002, 6004, 6006, 6007, and 9014, and in compliance with the Bid Procedures Order.

H. A reasonable opportunity to object or to be heard regarding the relief requested in the Sale Motion has been afforded to all creditors and parties in interest.

I. As demonstrated by the evidence in support of the Sale Motion, the Debtors have marketed the Properties and conducted the sale process in compliance with the Bid Procedures Order and have completed a full and complete auction process.

J. At the Auction held on November 16, 2010, the Potential Buyer offered and the Debtors accepted, the highest and best Qualified Bid (as defined in the Bid Procedures), which is a cash bid in the amount of $33,125,000 (subject to adjustment as set forth in the Bid Procedures Order, Bid Procedures or Purchase Agreement (as defined below)). The Potential Buyer is approved as the "Successful Bidder," as such term is defined in the Bid Procedures, for the

4 As used herein, the term "Desired 365 Contracts" shall have the meaning given to it in the Successful Bidder Agreement (as defined below).

Properties on the terms set forth in the Original Purchase Agreement as amended by that certain Amendment No. 1 to Asset Purchase Agreement dated as of November 17, 2010 (as so amended, the "Purchase Agreement") by and among the Potential Buyer and the Debtors. A copy of the Purchase Agreement is attached hereto as **Exhibit "A"** and incorporated herein by reference.

K. At the Auction held on November 16, 2010, BRC Acquisition I, LLC ("BRC Acquisition") offered the second highest or best Qualified Bid (as defined in the Bid Procedures) which is a cash bid in the amount of $33,025,000 (subject to adjustment as set forth in the Bid Procedures Order, Bid Procedures, or Back-Up Bidder Agreement (as defined below)). BRC Acquisition is approved as the "Back-Up Bidder," as such term is defined in the Bid Procedures, for the Properties on the terms set forth in the form of purchase agreement and amendment thereto (collectively, the "Back-Up Bidder Agreement") attached hereto as **Exhibit "B"**. As used herein, the term "Successful Bidder Agreement" shall mean the Purchase Agreement in the event the Transactions (as defined in the Purchase Agreement) are consummated with the Potential Buyer or, in the event BRC Acquisition is deemed the Successful Bidder, the Back-Up Bidder Agreement.

L. The Auction conducted by the Debtors, including the methodology for determination of the highest and best offer and the back-up bid, was conducted in a manner that was reasonably certain to achieve the highest and best offer for the Properties. The Auction was conducted in a non-collusive, fair and good faith manner and a reasonable opportunity has been given to any interested party to make a higher or otherwise better offer for the Properties.

M. The Debtors have conducted a fair, full and complete auction process.

N. The Debtors are the lawful owners of the Properties.

O. The Debtors have full power and authority to execute the Successful Bidder Agreement and all other documents referenced in or contemplated by the Successful Bidder Agreement or that are necessary or appropriate to effectuate the sale of the Properties as contemplated under the Successful Bidder Agreement.

P. All actions contemplated by the Successful Bidder Agreement have been duly and validly authorized by all necessary action of the Debtors and the Debtors have the full power and authority to consummate the transactions contemplated by the Successful Bidder Agreement. No further consents or approvals, other than entry of this Order, are required for the Debtors or the Successful Bidder to consummate the transactions contemplated in the Successful Bidder Agreement.

Q. Approval of the Successful Bidder Agreement and consummation of the transactions contemplated therein at this time are in the best interests of the Debtors, the Debtors' estates, their creditors and interest holders.

R. The Debtors have demonstrated both (a) good, sufficient, and sound business purpose and justification for the sale of the Properties and (b) compelling circumstances for approval of the sale transactions contemplated in the Successful Bidder Agreement pursuant to Bankruptcy Code §§ 363(b) and (f).

S. The Purchase Agreement was negotiated, proposed, and entered into by the Debtors and the Potential Buyer, in good faith, without collusion, and was the result of arm's-length bargaining with the parties represented by independent counsel. The Back-Up Bidder Agreement was negotiated and proposed by the Debtors and BRC Acquisition, in good faith, without collusion, and was the result of arm's-length bargaining with the parties represented by

independent counsel. The Successful Bidder Agreement constitutes fair value for the Properties. Neither the Debtors, the Potential Buyer, nor BRC Acquisition (if applicable) have engaged in any conduct that would cause or permit the Successful Bidder Agreement to be avoided under Bankruptcy Code § 363(n). The Successful Bidder is not an "insider" or "affiliate" of any of the Debtors, as such terms are defined in the Bankruptcy Code.

T. The Successful Bidder is a good faith purchaser of the Properties under Bankruptcy Code § 363(m) and, as such, is entitled to all of the protections afforded thereby. The Successful Bidder has acted in good faith within the meaning of Bankruptcy Code § 363(m) in closing the transactions contemplated by the Successful Bidder Agreement and will rely on entry of this Order and this good faith determination in closing such transactions.

U. The Successful Bidder Agreement was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

V. The consideration to be provided by the Successful Bidder for the Properties (i) is fair and reasonable, (ii) is the highest and best offer for the Properties after a thorough marketing process, and (iii) constitutes reasonably equivalent value, fair value, and fair consideration therefor under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, and under all applicable laws of the United States, any state, territory, possession, or the District of Columbia.

W. The Successful Bidder is not a mere continuation of the Debtors or their estates and there is no continuity of enterprise between the Successful Bidder and Debtors. The Successful Bidder is not holding itself out to the public as a continuation of the Debtors. The

Successful Bidder is not a successor to the Debtors or their estates and the transactions contemplated by the Successful Bidder Agreement do not amount to a consolidation, merger or de facto merger of the Successful Bidder and the Debtors.

X. The Successful Bidder would not have entered into the Successful Bidder Agreement and would not consummate the transactions contemplated thereby if either (i) the sale and the assignment of executory contracts and unexpired leases were not free and clear of all interests, liens, claims and encumbrances of any kind or nature whatsoever, except for the Permitted Post-Petition Liens and the Assumed Liabilities (each as defined in the Successful Bidder Agreement), or (ii) the Successful Bidder would, or in the future could, be liable for any of such interests, liens, claims and encumbrances, including, but not limited to, any claims against the Debtors based upon successor or vicarious liability or otherwise.

Y. The sale of the Properties outside a plan of reorganization pursuant to the Successful Bidder Agreement is reasonable and appropriate under the circumstances and does not impermissibly dictate the terms of any future plan of reorganization or liquidation that may be filed by the Debtors, individually or collectively, and is not a *sub rosa* plan.

Z. The Debtors are authorized to sell the Properties free and clear of all claims (other than Assumed Liabilities (as defined in the Successful Bidder Agreement)), encumbrances, liens[5] (other than Permitted Post-Closing Liens (as defined in the Successful Bidder Agreement)), and interests, with any holder's claim, encumbrance, lien, or interest attaching to the proceeds of the sale (the "Proceeds") with the same nature, validity, and priority that such claim, encumbrance,

5 As used herein, the term "liens" shall include, without limitation, "Liens" as defined in the Successful Bidder Agreement.

lien, or interest encumbered the Properties prior to the proposed sale, as one or more of the standards set forth in Bankruptcy Code § 363(f) have been satisfied with respect to each such interest.6 The transfer of the Properties to the Successful Bidder pursuant to the Successful Bidder Agreement will be a legal, valid, and effective transfer of the Properties, and will vest the Successful Bidder with all of the Debtors' rights, title, and interest in and to the Properties free and clear of all claims (other than Assumed Liabilities), encumbrances, liens, and interests (other than Permitted Post-Closing Liens), which have, or could have, been asserted by the Debtors or their creditors with any holder's lien, claim, interest or encumbrance attaching to the Proceeds with the same nature, validity, and priority that such interest encumbered the Properties prior to the proposed sale.

AA. Any objection of a secured creditor or other holder of a lien, claim, right, interest, or encumbrance that did timely object to the sale of the Properties pursuant to the Successful Bidder Agreement and did not withdraw the objection is overruled as one or more of the other subsections of Bankruptcy Code § 363(f) is met with respect to such party, and in each case, such party is adequately protected by having its lien, claim, interest or encumbrance, if any, in the Properties, attach to the Proceeds of the sale of the Properties with the same validity and priority that such interest encumbered the Properties prior to the proposed sale. Accordingly, all persons having liens, claims, encumbrances or interests of any kind or nature whatsoever against or in any of the Properties shall be forever barred, estopped and permanently enjoined from

6 Notwithstanding any allocation of value to any individual Properties set forth in the Successful Bidder Agreement, the rights of all creditors and parties in interest (including the Debtors) to contest such valuations for purposes of secured claim valuation and determination are expressly reserved.

pursuing or asserting such liens, claims, encumbrances or interests (other than Assumed Liabilities or Permitted Post-Closing Liens) against the Properties, the Successful Bidder or any of its assets, property, successors or assigns.

BB. The assumption and assignment of the Desired 365 Contracts pursuant to the terms of this Order is integral to the Successful Bidder Agreement and is in the best interests of the Debtors and their estates, creditors, and other parties in interest, and represents a reasonable exercise of sound and prudent business judgment by the Debtors.

CC. The payment by the Debtors to each of the counterparties to each of the Desired 365 Contracts of the Cure Amounts as set forth in **Exhibit "C"** (or to such third parties as set forth therein) to this Order is in full and final satisfaction of all obligations and is full compensation to the counterparties for any pecuniary losses under such contracts or leases pursuant to Bankruptcy Code § 365(b)(1), the Debtors shall have no further liability or obligation under the Desired 365 Contracts, and the Successful Bidder shall have no obligation to make any payment or provide any performance to cure any defaults or breaches arising on or before the closing of the assignment of the Desired 365 Contracts.

DD. The Successful Bidder has demonstrated adequate assurance of future performance of the Desired 365 Contracts to this Order.

EE. The Debtors have never disclosed a policy to an individual prohibiting the transfer of personally identifiable information about individuals to persons that are not affiliated with the Debtors, the Debtors have never had such a policy, and no such policy was in effect on the Petition Date of the Debtors' Cases. Thus, there is no requirement that the sale of the Properties

contemplated hereunder be consistent with any privacy policy or that a consumer privacy ombudsman be appointed in connection with same under Bankruptcy Code § 363(b)(1).

FF. This Order constitutes a final order within the meaning of 28 U.S.C. § 158(a). Notwithstanding the provisions of Bankruptcy Rules 6004(h) and 6006(d), the stay pursuant to Bankruptcy Rule 6004(h) or 6006(d) is hereby waived and this Order shall be effective and enforceable immediately upon entry. To the extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds that cause exists not to delay the implementation of this Order.

BASED ON THE FOREGOING FINDINGS AND THE FINDINGS MADE PART OF THIS COURT'S ORAL RULING AT THE SALE HEARING, GOOD CAUSE EXISTS FOR ENTRY OF THE FOLLOWING ORDER. IT IS THEREFORE ORDERED:

1. The notice of the Sale Motion and Sale Hearing and notice of the assumption and assignment of the Desired 365 Contracts (and related Cure Amounts) are approved as being fair, reasonable and adequate under the circumstances of the Cases, and any additional notice as may otherwise be required under state and federal law is hereby deemed satisfied.

2. The Sale Motion is **GRANTED** as set forth herein and the sale of the Properties and assumption and assignment of the Desired 365 Contracts to the Successful Bidder are hereby authorized as set forth in this Order.

3. All objections to the Sale Motion (including, without limitation, any Rights Notices filed with respect thereto) that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are hereby **OVERRULED** on the merits.

4. All findings of fact and conclusions of law of this Court stated on the record as part of the Court's oral ruling at the Sale Hearing are incorporated herein by reference and made a part hereof.

5. The Debtors, the Potential Buyer and BRC Acquisition have complied with the Bid Procedures Order and (a) the Potential Buyer is the Successful Bidder (as defined in the Bid Procedures Order) for the Properties on the terms and conditions set forth in the Purchase Agreement and (b) BRC Acquisition is the Back-Up Bidder (as defined in the Bid Procedures Order) on the terms and conditions set forth in the Back-Up Bidder Agreement.

Approval of the Successful Bidder Agreement

6. The Successful Bidder Agreement, all exhibits and schedules thereto, and all of the terms and conditions thereof are hereby approved.

7. Pursuant to Bankruptcy Code §§ 105, 363 and 365, the Debtors are authorized and directed to consummate the sale of the Properties, pursuant to and in accordance with the terms and conditions of the Successful Bidder Agreement, including, without limitation, to convey to the Successful Bidder the Properties and assume and assign the Desired 365 Contracts and rights thereunder.

8. Without need for any additional Court order, the Debtors, their officers, partners, managers, employees and agents, are authorized and directed to execute and deliver, and empowered to perform under, consummate, and implement the Successful Bidder Agreement,

together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Successful Bidder Agreement, and to take all further actions as may be reasonably requested by the Successful Bidder, or otherwise required under the Successful Bidder Agreement.

9. The consideration to be provided by the Successful Bidder for the Properties under the Successful Bidder Agreement constitutes reasonably equivalent value, fair value, and fair consideration therefor under the Bankruptcy Code, the Uniform Fraudulent Transfer Act, the Uniform Fraudulent Conveyance Act, and any other applicable state, federal or international law.

Transfer of the Properties

10. Pursuant to Bankruptcy Code §§ 105(a), 363(b) and 363(f), the transfers of the Properties to the Successful Bidder pursuant to the Successful Bidder Agreement shall (a) be valid, legal, binding, and effective transfers, (b) vest the Successful Bidder with all rights, title, and interest in and to the Properties effective as of the time of the transfers under the Successful Bidder Agreement, and (c) be free and clear, unless otherwise specified in the Successful Bidder Agreement, of all mortgages, restrictions, hypothecations, charges, indentures, loan agreements, instruments, leases, licenses, options, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, liens (other than Permitted Post-Closing Liens)—including, without limitation, mechanics', materialmens' and other consensual and non-consensual liens and statutory liens— judgments, demands, encumbrances, rights of first refusal, offsets, contracts, rights of recovery, claims for reimbursement, contribution, indemnity, exoneration, products liability, alter-ego, environmental, or tax, decrees of any Court or foreign or domestic governmental entity, or charges of any kind or nature, if any, including, but not limited to, any

restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership, debts arising in any way in connection with any agreements, acts, or failures to act, of any of the Debtors or their predecessors or affiliates, claims (as that term is defined in the Bankruptcy Code), reclamation claims, obligations, liabilities, demands, guaranties, options, rights, contractual or other commitments, restrictions, interests and matters of any kind and nature, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of these Cases, and whether imposed by agreement, understanding, law, equity or otherwise, including claims otherwise arising under doctrines of successor liability, whether arising prior to or subsequent to the commencement of these Cases, and whether imposed by agreement, law, equity or otherwise, with all the same released, terminated and discharged as to the Properties, but with all of the same, to the extent not paid in full at closing, attaching to the Proceeds of the sale of the Properties, in the order of their priority, with the same validity, force and effect which they now have as against the Properties. The Proceeds from the sale shall be paid to the Debtors on the Closing Date or as otherwise set forth in the Successful Bidder Agreement. On or as soon as reasonably practical after the Closing Date, the Debtors are authorized and directed to pay to the DIP Agent (as defined in the *Second Agreed Final Order Authorizing Use of Cash Collateral, Authorizing Credit Secured by Senior Liens, and Granting Adequate Protection to Existing Lienholders* [Docket No. 401] (the "Financing Order")) from the

Proceeds all amounts due and owing to the DIP Agent and the Post-Petition Lenders under the DIP Facility (as each such term is defined in the Financing Order).

11. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Debtors to transfer the Properties to the Successful Bidder in accordance with this Sale Order and the terms of the Successful Bidder Agreement, or otherwise interfere with the Successful Bidder's title to or use and enjoyment of the Properties.

12. Pursuant to the Successful Bidder Agreement and this Order, the transfer and assignment of the Properties shall be effectuated on the terms set forth therein and herein, and shall not be restricted or prohibited, notwithstanding any alleged approval rights, consent rights, preferential purchase rights, rights of purchase, rights of first refusal, rights of first offer, or similar rights with respect to the Debtors' transfer, sale, vesting, assumption, and/or assignment of the Properties. All parties who failed to timely file and serve a Rights Notice are deemed to consent to and approve of the transfer, sale, assumption, and/or assignment of the Properties (including, without limitation, the rights to act as operator under the Operated JOAs (as defined in the Successful Bidder Agreement) that constitute Desired 365 Contracts which rights shall be assigned to and vest in the Buyer Operator Designee (as defined in the Successful Bidder Agreement), in connection with any such approval rights, consent rights, preferential purchase rights, rights of purchase, rights of first refusal, rights of first offer, or similar rights with respect to the Properties that such party may allege.

13. This Order shall be the Court's determination that, on the Closing Date, all claims (other than Assumed Liabilities), encumbrances, liens (other than Permitted Post-Closing Liens),

and interests in and to the Properties being conveyed as described in the Successful Bidder Agreement have been unconditionally released, discharged, and terminated from the Properties, and attach to the Proceeds as set forth herein. Notwithstanding the foregoing, the Debtors shall retain in a segregated account an amount equal to $625,000 from the Proceeds as a cash reserve for the express purpose of fulfilling the obligations set forth in Sections 2.09 and 2.10 of the Successful Bidder Agreement.

14. The Successful Bidder shall have no liability or responsibility for any liability or other obligation of the Debtors arising under or related to the Properties other than as expressly set forth in the Successful Bidder Agreement and in no event shall the Successful Bidder have any liability or responsibility for any liabilities of the Debtors (including any unrecorded liabilities of the Debtors) other than Assumed Liabilities or as expressly set forth in the Successful Bidder Agreement. Without limiting the effect or scope of the foregoing, the transfer of the Properties from the Debtors to the Successful Bidder does not and will not subject the Successful Bidder or its affiliates, successors or assigns or their respective properties (including the Properties) to any liability for claims (as that term is defined in Bankruptcy Code § 101(5)) against the Debtors or the Properties (other than Assumed Liabilities or as expressly set forth in the Successful Bidder Agreement) by reason of such transfer under the laws of the United States or any state, territory or possession thereof applicable to such transactions. Neither the Successful Bidder nor its affiliates, successors, or assigns shall be deemed, as a result of actions taken in connection with the purchase of the Properties: (i) to be a successor to the Debtors or (ii) be a continuation or substantial continuation of the Debtors or any enterprise of the Debtors. Except for Assumed Liabilities or as otherwise expressly set forth in the Successful Bidder

Agreement, neither the Successful Bidder nor its affiliates, successors, or assigns is acquiring or assuming any liability, warranty, or other obligation of the Debtors. On and after the Closing Date, all persons or entities holding claims, encumbrances, liens, or interests of any kind and nature with respect to the Properties (other than Permitted Post-Closing Liens and Assumed Liabilities) are hereby forever barred and estopped from asserting such claims, encumbrances, liens or interests of any kind or nature against the Successful Bidder, its successors or assigns, or the Properties.

15. On and after the Closing Date, except as otherwise set forth herein or in the Successful Bidder Agreement, the Debtors shall have no liability or responsibility for any Properties (including, without limitation, the Assumed Liabilities).

16. The process set forth in the Successful Bidder Agreement and other related documents for obtaining all approvals, consents (including assignments of any permits and rights of way), certificates, waivers, and other authorizations required to be obtained from, or filings or other notices required to be made with or to, any governmental entity having jurisdiction over any of the Properties in order to consummate the transactions contemplated by the Successful Bidder Agreement and the other related transaction documents and the transfer of such Properties to the Successful Bidder upon the receipt of such approvals is hereby approved pursuant to Bankruptcy Code §§ 105, 363 and 365.

Assumption and Assignment of Desired 365 Contracts to the Successful Bidder

17. On the Closing Date, the Debtors are hereby authorized and directed, pursuant to §§ 363 and 365 of the Bankruptcy Code, to assume, and assign to Successful Bidder, the Desired 365 Contracts and rights thereunder. On the Closing Date, the Debtors shall (i) pay from

Proceeds of the sale of the Properties to each of the counterparties to the Desired 365 Contracts or such other party as is necessary to cure defaults undisputed Cure Amounts related to the Desired 365 Contracts, and (ii) shall reserve such funds necessary to satisfy disputed Cure Amounts related to the Desired 365 Contracts, which such Cure Amounts shall be paid upon separate final order of the Court. The undisputed Cure Amounts to be paid and other Cure Amounts to be reserved are set forth in **Exhibit "C"** attached hereto, and the payment of such Cure Amounts shall be in full and final satisfaction of all obligations and as full compensation to the counterparties for any pecuniary losses under such contracts or leases pursuant to Section 365(b)(1) of the Bankruptcy Code. For the avoidance of doubt, all Cure Amounts set forth in **Exhibit "C"** and designated as "JOA Related Vendor Amounts – Debtor Operated Wells" are disputed at this time and will therefore be reserved.

18. On the Closing Date and upon payment of the applicable Cure Amounts or reserving of funds to provide adequate assurance that cures will be effected, the Debtors' right, title and interest in, to and under the Desired 365 Contracts shall be assumed and assigned to the Successful Bidder, and will remain valid and binding and in full force and effect in accordance with their respective terms for the benefit of (i) the Successful Bidder, notwithstanding any provision in such contracts or leases (including those described in Sections 365(b)(2) and (f)(1) and (3) of the Bankruptcy Code), that prohibits, restricts or conditions such assignment or transfer and (ii) for the benefit of the Counterparties to the Desired 365 Contracts.

19. The Successful Bidder Agreement, the Debtors' right, title and interest in, to and under all Desired 365 Contracts that are assigned to the Successful Bidder, and such other contracts entered into by any of the Debtors as are necessary to effectuate the transactions

contemplated in the Successful Bidder Agreement, are enforceable pursuant to their terms and applicable law.

20. Debtors are further authorized and directed to take any and all actions necessary or appropriate to consummate the proposed assignment of the Debtors' right, title and interest in, to and under the Desired 365 Contracts to the Successful Bidder, as specified in the Sale Motion and in the Successful Bidder Agreement. The Successful Bidder shall have no liability for any defaults under the Desired 365 Contracts (except as may be explicitly provided in the Successful Bidder Agreement) that occurred prior to the assignment of the Debtors' right, title and interest in, to and under the Desired 365 Contracts. Pursuant to § 365(k) of the Bankruptcy Code, the Debtors are relieved of any liability for any breach of any Desired 365 Contracts that is assigned to the Successful Bidder occurring after the assignment of such Desired 365 Contracts to the Successful Bidder.

21. Pursuant to the Successful Bidder Agreement and this Order, the transfer and/or assignment of the Desired 365 Contracts and rights thereunder shall be effectuated on the terms set forth herein, and shall not be restricted or prohibited, notwithstanding any alleged approval rights, consent rights, preferential purchase rights, rights of purchase, rights of first refusal, rights of first offer, or similar rights with respect to the Debtors' transfer, sale, vesting, assumption, and/or assignment of the Properties, including the Debtors' right, title and interest in, to and under the Desired 365 Contracts; and any counterparties to the Desired 365 Contracts shall be deemed to consent to and approve of the transfer, sale, vesting, assumption, and/or assignment of the Properties, including the Debtors' right, title and interest in, to and under the Desired 365 Contracts by the Debtors pursuant to the Successful Bidder Agreement.

22. To the extent any Oil and Gas Lease included within the Properties constitutes an executory contract or unexpired lease of real property under § 365 of the Bankruptcy Code, such Oil and Gas Lease will be assumed by the Debtors and assigned to the Successful Bidder in accordance with this Sale Order and the Successful Bidder Agreement. To the extent any of the Debtors' Oil and Gas Leases included within the Properties constitute a contract or other property right not required to be assumed or rejected under § 365 of the Bankruptcy Code, the Debtors are authorized to transfer such Oil and Gas Leases to the Successful Bidder. Except for defaults of a kind specified in §§ 365(b)(2) and 541(c)(1) of the Bankruptcy Code (which defaults the Debtors or Buyer will not be required to cure), or as otherwise provided herein, the legal, equitable, and contractual rights of the counterparties to such Oil and Gas Leases shall be unaltered, except that any provision restricting the transfer of such Oil and Gas Leases shall not apply to the Debtors' sale and assignment to the Successful Bidder.

23. The failure of the Debtors or the Successful Bidder to enforce at any time one or more terms or conditions of any Desired 365 Contracts shall not be a waiver of such terms or conditions, or of the Successful Bidder's right to enforce every term and condition of the Desired 365 Contract.

24. There shall be no rent accelerations, assignment fees, increases, or any other fees charged to the Successful Bidder as a result of the assumption, assignment, and sale of the Desired 365 Contracts.

25. Pursuant to §§ 105(a), 363, and 365 of the Bankruptcy Code, all parties to the Desired 365 Contracts are forever barred and enjoined from raising or asserting against the Successful Bidder or the Properties any assignment fee, default, breach, or claim or pecuniary

loss, or condition to assignment, arising under or related to the Properties prior to the Closing Date.

Additional Provisions

26. On the Closing Date, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release its interest in the Properties, if any, as such interests may have been recorded or may otherwise exist.

27. Regardless of whether the Debtors' creditors execute the releases set forth in the above paragraphs, this Order (a) shall be effective as a determination that, on the Closing Date, all claims (other than Assumed Liabilities), encumbrances, liens (other than Permitted Post-Closing Liens), interests, and rights of any kind or nature whatsoever existing with respect to the Properties have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected and (b) shall be binding upon and shall govern the acts of all entities, including without limitation all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Properties.

28. Each and every federal, state, and local governmental agency or department is hereby directed to accept for filing and/or recording, and approve as necessary, any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Successful Bidder Agreement.

29. To the extent permitted by § 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Properties sold, transferred, or conveyed to the Successful Bidder on account of the filing or pendency of these Cases or the consummation of the sale.

30. If any person or entity that has filed financing statements, mortgages, mechanic's liens, *lis pendens*, or other documents or agreements evidencing claims or interests with respect to the Debtors or the Properties shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all interests which the person or entity has with respect to the Debtors or the Properties or otherwise, then (a) the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Properties and (b) the Successful Bidder is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all liens, claims (other than Assumed Liabilities), rights, interests, and encumbrances (other than Permitted Post-Closing Liens) in the Properties of any kind or nature whatsoever.

31. All entities that presently are in possession of some or all the Properties hereby are directed to surrender possession of the Properties to the Successful Bidder at the Closing Date.

32. This Court retains exclusive jurisdiction so long as the Debtors' Cases are pending to (i) enforce and implement the terms and provisions of the Successful Bidder Agreement (including the breach of the Successful Bidder Agreement), all amendments thereto,

any waivers and consents thereunder, and of each of the agreements executed in connection therewith in all respects and (ii) determine as a core proceeding (by motion and without necessity for an adversary proceeding if the Court deems appropriate) any proceeding, dispute, or controversy arising out of or related to this Order and the Sale Hearing.

33. The transactions contemplated by the Successful Bidder Agreement are undertaken by the Successful Bidder in good faith, as that term is used in Bankruptcy Code § 363(m). Accordingly, the reversal or modification of the authorization provided herein to consummate the transactions contemplated herein shall not affect the validity of the sale of the Properties to the Successful Bidder, unless such authorization is duly stayed. The Successful Bidder is a purchaser in good faith of the Properties and, upon the occurrence of the Closing Date, is entitled to all of the protections afforded by Bankruptcy Code § 363(m).

34. The consideration to be provided by the Successful for the Properties under the Successful Bidder Agreement (a) shall be deemed to constitute reasonably equivalent value and fair consideration under the Bankruptcy Code, Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act, and all other applicable laws of the United States, any state, territory, possession or the District of Columbia, and (b) is fair and reasonable, and the sale of the Properties and the related transactions may not be avoided under section 363(n) of the Bankruptcy Code.

35. The Successful Bidder is not a successor to the Debtors or their estates by reason of any theory of law or equity and, except as set forth in the Successful Bidder Agreement, the Successful Bidder shall have no liability or responsibility for any liabilities or other obligations of the Debtors arising under or related to the Properties. Without limiting the generality of the

foregoing, the Successful Bidder shall not be liable for: (i) any fixed or contingent, liquidated or unliquidated, disclosed or undisclosed liability, obligation or claim against the Debtors or any of their predecessors or affiliates, whether based upon successor or vicarious liability or otherwise, and whether any of such items are known or unknown as of the Closing Date; (ii) any violation or alleged violation of any environmental laws; or (iii) liabilities under any pension, ERISA, tax, employment, labor, antidiscrimination laws or regulations, any products liability law, tort law, pending or threatened litigation, security interests, warranties, interests of any kind, known or unknown, liquidated or unliquidated, whether now existing or arising in the future, or debts of any kind or nature, all of which, if any, are retained by the Debtors, except as otherwise expressly provided in the Successful Bidder Agreement or this Sale Order.

36. Except as otherwise expressly provided in the Successful Bidder Agreement, the Successful Bidder shall have no obligation to pay wages, bonuses, severance pay, benefits (including, without limitation, contributions or payments on account of any under-funding with respect to any and all pension plans) or any other payment with respect to employees or former employees of the Debtors. Except as otherwise expressly provided in the Successful Bidder Agreement, the Successful Bidder shall have no liability with respect to any collective bargaining agreement, employee pension plan, employee welfare or retention, benefit and/or incentive plan to which any Debtor is a party and relating to the Properties (including, without limitation, arising from or related to the rejection or other termination of any such agreement), and, except as expressly provided in the Successful Bidder Agreement, the Successful Bidder shall in no way be deemed a party to or assignee of any such agreement, and no employee of Successful Bidder shall be deemed in any way covered by or a party to any such agreement, and

all parties to any such agreement are hereby enjoined from asserting against the Successful Bidder any and all claims arising from or relating to such agreement. All notices, if any, required to be given to the Debtors' employees prior to Closing pursuant to the Workers Adjustment and Retraining Notification Act, or any similar federal or state law, shall be the sole responsibility and obligation of the Debtors, and the Successful Bidder shall have no duties, responsibility, or liability therefor.

37. The recitation, in the immediately preceding paragraph of this Sale Order, of specific agreements, plans or statutes is not intended, and shall not be construed, to limit the generality of the categories of liabilities, debts, commitments or obligations referred to therein.

38. Except as expressly permitted or otherwise specifically provided by the Successful Bidder Agreement or this Sale Order, all persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax and regulatory authorities, lenders, trade and other creditors, holding interests of any kind or nature whatsoever against or in the Debtors or the Properties (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, senior or subordinated), arising under or out of, in connection with, or in any way relating to, the Debtors, the Properties, the ownership or operation of the Properties prior to the closing of the sale, or the sale of the Properties are forever barred, estopped, and permanently enjoined from asserting against the Successful Bidder, its successors or assigns, its property, or the Properties, such persons' or entities' interests.

39. Article 6 of the Uniform Commercial Code governing Bulk Sale Transfers and comparable state statutes are not applicable to the sale of the Properties to the Successful Bidder.

40. Nothing contained in any chapter 11 plan confirmed in these Cases (or any order of this Court confirming such plan) shall conflict with or derogate from the provisions of the Successful Bidder Agreement or the terms of this Order, provided that the retention of jurisdiction under this Order following confirmation of such plan shall not be broader than jurisdiction permitted to be retained under an order of confirmation.

41. The terms and conditions of the Successful Bidder Agreement and this Order shall be binding in all respects and shall inure to the benefit of the Debtors, their respective bankruptcy estates and their creditors and interest holders, successors, and assigns and the Successful Bidder, and its respective affiliates, successors and assigns notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall binding.

42. The Successful Bidder Agreement and the transactions and instruments contemplated hereby shall be not subject to rejection or avoidance by, the Debtors, and their respective affiliates, successors, and assigns, or any chapter 7 or chapter 11 trustee of the Debtors and their estates.

43. Nothing in this Order shall affect the rights, if any, of mineral lien holders against non-Debtor working interest owners, or the rights, if any, of such non-Debtor working interest owners against such mineral lien holders, and provided that this reservation of rights shall not create any rights in favor of such mineral lien holders or such non-Debtor working interest owners.

44. Nothing in this Order, the Successful Bidder Agreement or any document executed in connection with the consummation thereof shall authorize or constitute a transfer of

title to property which is excluded from the property of the Debtors' estates pursuant to section 541(b)(4) of the Bankruptcy Code.

45. The Successful Bidder Agreement and any related agreements, documents or other instruments may be modified, amended, or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court, provided that such modification, amendment, or supplement shall not have a material adverse effect on the Debtors' bankruptcy estates.

46. Notwithstanding anything to the contrary in the Bid Procedures or the Bid Procedures Order, BRC Acquisition shall keep its Qualified Bid evidenced by the Back-Up Bidder Agreement (the "Back-Up Bid") open through the later of (a) twenty (20) days after entry of this Order or (b) December 15, 2010. If the Potential Buyer fails to consummate the Transactions (as defined in the Purchase Agreement) because of a breach or failure to perform on the part of the Potential Buyer, the Debtors shall be authorized to deem BRC Acquisition the Successful Bidder and the Debtors will be authorized to consummate the Back-Up Bid with BRC Acquisition without further order of this Court. In such event, BRC Acquisition shall be deemed the Successful Bidder and the Back-Up Bidder Agreement shall be deemed the Successful Bid and the Successful Bidder Agreement for purposes of this Order.

47. The provisions of this Order are non-severable and mutually dependent. Headings are included in this Order for ease of reference only.

48. In the event of any inconsistency between the terms and provisions of this Order and the Successful Bidder Agreement, the terms and provisions of this Order shall control.

49. Notwithstanding the provisions of Bankruptcy Rules 6004(h) and 6006(d), there is no stay pursuant to Bankruptcy Rule 6004(h) or 6006(d) and this Order shall be effective and enforceable immediately upon entry.

Resolution of Reagan Equipment Co., Inc., Baker Hughes Oilfield Operations, Inc., Schlumberger Technology Corporation, and X-Chem, Inc. Objections

50. To resolve certain objections asserted by Reagan Equipment Co., Inc. ("Reagan"), Baker Hughes Oilfield Operations, Inc. ("Baker Hughes"), Schlumberger Technology Corporation ("Schlumberger"), and X-Chem, Inc. ("X-Chem") to the Cure Amounts set forth on **Exhibit "C"** with respect to (i) the Cure Amount for the Master Equipment Lease Agreement No. 0594390000, dated August 27, 2008, by and between Axis Onshore, LLC and Reagan; and (ii) certain mechanics' or materialmen's liens asserted by Baker Hughes, Schlumberger, and X-Chem which Baker Hughes, Schlumberger, and X-Chem assert are required to be paid as part of the "JOA Related Vendor Amounts – Debtor Operated Wells" set forth on **Exhibit "C"**, the Debtors agree to reserve the following amounts on account of such Cure Amounts asserted by Reagan, Baker Hughes, Schlumberger, and X-Chem, pending further order of the Court:

(a)	Reagan:	$21,685.67;[7]
(b)	Baker Hughes	$73,056.15;
(c)	Schlumberger	$112,932.16; and
(d)	X-Chem	$88,963.61.

Reagan, Baker Hughes, Schlumberger, X-Chem and any other creditor listed as part of the "JOA Related Vendor Amounts – Debtor Operated Wells" set forth on **Exhibit "C"** shall have the

7 The amount reserved for Reagan as set forth herein shall be in addition to the $66,014.05 to be paid to Reagan upon assumption of the Master Services Lease Agreement per **Exhibit "C"**.

right to file a motion (i) seeking a determination from the Court regarding the respective Cure Amounts owed to such creditor (which amounts shall not exceed the respective Cure Reserve amount for such creditor as set forth herein or as set forth in **Exhibit "C"**) and (ii) requesting that the Court direct the Debtors (or such other party obligated to pay such amounts pursuant to this Order) to pay such amounts to such creditor, as applicable.

Resolution of Pryme Oil and Gas, Inc. and Pryme Lake Exploration, LLC Objections

51. To resolve certain objections of Pryme Oil and Gas, Inc. and Pryme Lake Exploration, LLC (collectively, "Pryme"), the Debtors, Pryme, and the Potential Purchaser agree, effective upon consummation of the Closing contemplated by the Purchase Agreement, as follows:

(a) Pryme agrees (i) not to seek to enforce rights it may have under applicable model joint operating agreements or applicable state or federal law to challenge or seek replacement of the Potential Purchaser as operator or its right to operate as a result of the Debtors' sale of its assets or assumption and assignment and (ii) that Potential Purchaser shall be the operator, in each case, under the following joint operating agreements (collectively, the "Pryme JOAs"):

(i) Hawg Penn MFJOA dated December 14, 2009;
(ii) Four Rivers MFJOA dated February 4, 2009;
(iii) Catahoula Lake MFJOA dated December 9, 2009; and
(iv) Kelly Hill MFJOA dated April 27, 2009.

(b) Debtors agree to assume and assign the Pryme JOAs to the Potential Purchaser. Potential Purchaser and Pryme shall split equally the Cure Costs associated with the assumption and assignment of the Pryme JOAs and pay such amounts directly to the affected parties entitled to such cure, with such amount estimated to be approximately

$210,728.33, and the Debtors' estates shall have no liability or obligation in connection with such Cure Costs regardless of whether such Cure Costs are included on **Exhibit "C"** hereto, provided that nothing herein shall in any way impair any rights Pryme may have to obtain payment from other entities with working interests associated with Pryme JOAs.

(c) Debtors shall assign to Pryme, and Pryme shall assume from the Debtors, the working interests and net revenue interests asserted by Pryme but not yet assigned ("Pryme's Asserted Interests") to Pryme by the Debtors in leases covering the following wells (collectively, the "Suspense Wells"):

Well Name	Interest Assignee	Pryme's Asserted Interests
Jack Allen No. 7 Well	Pryme Oil and Gas	25% WI – 18.75% NRI
Crosby 16-4 No. 1	Pryme Oil and Gas	25% WI – 18.75% NRI
Crosby 16-4 No. 2	Pryme Oil and Gas	25% WI – 18.75% NRI
Crosby 31-11 No. 1	Pryme Oil and Gas	25% WI – 18.75% NRI
SL 19857 Well No. 1	Pryme Lake Exploration	50% WI – 39.817754% NRI
Davis Heirs #2 (SWD)	Pryme Oil and Gas	25% WI

The assignments of Pryme's Asserted Interests on the Suspense Wells to Pryme shall be effective November 1, 2010 and made simultaneously with the closing of the sale to the Prospective Purchaser; provided, however, that Pryme reserves its rights to require the Debtors to execute amended assignments effective on the date of first production of the Suspense Wells (1) upon the consent of the Debtors, the Agent (as defined in the Financing Order), and the Committee, or (2) upon further order of this Court. The assignments to Pryme on the Suspense Wells shall be subject to any existing valid and properly perfected mechanics' or materialmen's lien on the Suspense Wells.

(d) As to the Suspense Wells, Debtors and the first purchaser(s) (currently Plains Marketing, LP) shall continue to hold all oil and gas revenues attributable to production prior to November 1, 2010 pending further Order of this Court.

(e) In all wells operated by the Debtors and in which Pryme holds a working interest other than the Suspense Wells (collectively, the "Non-Suspense Wells"), Debtors agree to promptly notify the first purchaser(s), currently Plains Marketing, LP ("Plains"), to release from suspense or escrow directly to Pryme all oil and gas revenues attributable to periods prior to November 1, 2010 and held by Plains subject to the terms of the applicable joint operating agreements and applicable law, in each case, attributable to Pryme's interest in such Non-Suspense Wells. Nothing herein is intended to modify the terms of such joint operating agreements.

(f) Pryme waives its $39,561.27 asserted cure claim.

(g) The terms of this resolution with Pryme will be documented by the parties in accordance with standard industry practice.

END OF ORDER # #

Submitted By:

William L. Wallander, SBT #20780750
Clayton T. Hufft, SBT #24056658
Bradley R. Foxman, SBT #24065243
VINSON & ELKINS LLP
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201-2975
Tel: 214.220.7700
Fax: 214.220.7716
bwallander@velaw.com; chufft@velaw.com;
bfoxman@velaw.com

COUNSEL FOR THE LP DEBTORS

EXHIBIT "A" – PURCHASE AGREEMENT

SEE DOCKET NO. 472

EXHIBIT "B" – BACK-UP BIDDER AGREEMENT

SEE DOCKET NO. 479

EXHIBIT "C" – CURE AMOUNTS

SEE DOCKET NO. 480