

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-35167



**Kosmos Energy Ltd.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**8176 Park Lane**  
**Dallas, Texas**  
(Address of principal executive offices)

**98-0686001**  
(I.R.S. Employer  
Identification No.)

**75231**  
(Zip Code)

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered:</u>
Common Stock \$0.01 par value	KOS	New York Stock Exchange London Stock Exchange

Registrant's telephone number, including area code: +1 214 445 9600

**Not applicable**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at November 6, 2020</u>
Common Shares, \$0.01 par value	405,455,048

## TABLE OF CONTENTS

Unless otherwise stated in this report, references to “Kosmos,” “we,” “us” or “the company” refer to Kosmos Energy Ltd. and its wholly owned subsidiaries. We have provided definitions for some of the industry terms used in this report in the “Glossary and Selected Abbreviations” beginning on page 3.

	<u>Page</u>
<b>PART I. FINANCIAL INFORMATION</b>	
<a href="#">Glossary and Select Abbreviations</a>	3
<a href="#">Item 1. Financial Statements</a>	7
<a href="#">Consolidated Balance Sheets</a>	7
<a href="#">Consolidated Statements of Operations</a>	8
<a href="#">Consolidated Statements of Stockholders’ Equity</a>	9
<a href="#">Consolidated Statements of Cash Flows</a>	10
<a href="#">Notes to Consolidated Financial Statements</a>	11
<a href="#">Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	33
<a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk</a>	47
<a href="#">Item 4. Controls and Procedures</a>	49
<b>PART II. OTHER INFORMATION</b>	
<a href="#">Item 1. Legal Proceedings</a>	49
<a href="#">Item 1A. Risk Factors</a>	49
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	49
<a href="#">Item 3. Defaults Upon Senior Securities</a>	49
<a href="#">Item 4. Mine Safety Disclosures</a>	50
<a href="#">Item 5. Other Information</a>	50
<a href="#">Item 6. Exhibits</a>	50
<a href="#">Signatures</a>	51
<a href="#">Index to Exhibits</a>	52

**KOSMOS ENERGY LTD.  
GLOSSARY AND SELECTED ABBREVIATIONS**

The following are abbreviations and definitions of certain terms that may be used in this report. Unless listed below, all defined terms under Rule 4-10(a) of Regulation S-X shall have their statutorily prescribed meanings.

"2D seismic data"	Two-dimensional seismic data, serving as interpretive data that allows a view of a vertical cross-section beneath a prospective area.
"3D seismic data"	Three-dimensional seismic data, serving as geophysical data that depicts the subsurface strata in three dimensions. 3D seismic data typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic data.
"ANP-STP"	Agencia Nacional Do Petroleo De Sao Tome E Principe.
"API"	A specific gravity scale, expressed in degrees, that denotes the relative density of various petroleum liquids. The scale increases inversely with density. Thus lighter petroleum liquids will have a higher API than heavier ones.
"Asset Coverage Ratio"	The "Asset Coverage Ratio" as defined in the GoM Term Loan means, as of each March 31, June 30, September 30 and December 31 of each Fiscal Year, commencing December 31, 2020, the ratio of (a) Total PDP PV-10 (as defined in the GoM Term Loan) as of such date to (b) outstanding principal amount of Loans (as defined in the GoM Term Loan) as of such date.
"ASC"	Financial Accounting Standards Board Accounting Standards Codification.
"ASU"	Financial Accounting Standards Board Accounting Standards Update.
"Barrel" or "Bbl"	A standard measure of volume for petroleum corresponding to approximately 42 gallons at 60 degrees Fahrenheit.
"Bbbl"	Billion barrels of oil.
"BBoe"	Billion barrels of oil equivalent.
"Bcf"	Billion cubic feet.
"Boe"	Barrels of oil equivalent. Volumes of natural gas converted to barrels of oil using a conversion factor of 6,000 cubic feet of natural gas to one barrel of oil.
"BOEM"	Bureau of Ocean Energy Management.
"Boepd"	Barrels of oil equivalent per day.
"Bopd"	Barrels of oil per day.
"BP"	BP p.l.c. and related subsidiaries.
"Bwpd"	Barrels of water per day.
"Corporate Revolver"	Revolving Credit Facility Agreement dated November 23, 2012 (as amended or as amended and restated from time to time).
"COVID-19"	Coronavirus disease 2019.
"Developed acreage"	The number of acres that are allocated or assignable to productive wells or wells capable of production.
"Development"	The phase in which an oil or natural gas field is brought into production by drilling development wells and installing appropriate production systems.
"DGE"	Deep Gulf Energy (together with its subsidiaries).
"DST"	Drill stem test.
"Dry hole" or "Unsuccessful well"	A well that has not encountered a hydrocarbon bearing reservoir expected to produce in commercial quantities.
"DT"	Deepwater Tano.

"EBITDAX"	Net income (loss) plus (i) exploration expense, (ii) depletion, depreciation and amortization expense, (iii) equity-based compensation expense, (iv) unrealized (gain) loss on commodity derivatives (realized losses are deducted and realized gains are added back), (v) (gain) loss on sale of oil and gas properties, (vi) interest (income) expense, (vii) income taxes, (viii) loss on extinguishment of debt, (ix) doubtful accounts expense and (x) similar other material items which management believes affect the comparability of operating results. The Facility EBITDAX definition includes 50% of the EBITDAX adjustments of Kosmos-Trident International Petroleum Inc for the period it was an equity method investment and includes Last Twelve Months ("LTM") EBITDAX for any acquisitions and excludes LTM EBITDAX for any divestitures.
"ESG"	Environmental, social, and governance.
"ESP"	Electric submersible pump.
"E&P"	Exploration and production.
"Facility"	Facility agreement dated March 28, 2011 (as amended or as amended and restated from time to time).
"FASB"	Financial Accounting Standards Board.
"Farm-in"	An agreement whereby a party acquires a portion of the participating interest in a block from the owner of such interest, usually in return for cash and/or for taking on a portion of future costs or other performance by the assignee as a condition of the assignment.
"Farm-out"	An agreement whereby the owner of the participating interest agrees to assign a portion of its participating interest in a block to another party for cash and/or for the assignee taking on a portion of future costs and/or other work as a condition of the assignment.
"FEED"	Front End Engineering Design.
"FLNG"	Floating liquefied natural gas.
"FPS"	Floating production system.
"FPSO"	Floating production, storage and offloading vessel.
"GAAP"	Generally Accepted Accounting Principles in the United States of America.
"Galp"	Galp Energia Sao Tome E Principe, Unipessoal, LDA.
"GEPetrol"	Guinea Equatorial De Petroleos.
"GHG"	Greenhouse gas.
"GJFFDP"	Greater Jubilee Full Field Development Plan.
"GNPC"	Ghana National Petroleum Corporation.
"GoM Term Loan"	Senior Secured Term loan Credit Agreement dated September 30, 2020.
"Greater Tortue Ahmeyim"	Ahmeyim and Guembeul discoveries.
"GTA UUOA"	Unitization and Unit Operating Agreement covering the Greater Tortue Ahmeyim Unit.
"Hess"	Hess Corporation.
"HLS"	Heavy Louisiana Sweet.
"H&M"	Hull and Machinery insurance.
"Jubilee UUOA"	Unitization and Unit Operating Agreement covering the Jubilee Unit.
"KTEGI"	Kosmos-Trident Equatorial Guinea Inc.
"KTIPI"	Kosmos-Trident International Petroleum Inc.
"LNG"	Liquefied natural gas.
"LOPI"	Loss of Production Income.
"LSE"	London Stock Exchange.
"LTIP"	Long Term Incentive Plan.
"MBbl"	Thousand barrels of oil.
"MBoe"	Thousand barrels of oil equivalent.
"Mcf"	Thousand cubic feet of natural gas.
"Mcfpd"	Thousand cubic feet per day of natural gas.

"MMBbl"	Million barrels of oil.
"MMBoe"	Million barrels of oil equivalent.
"MMBtu"	Million British thermal units.
"MMcf"	Million cubic feet of natural gas.
"MMcfd"	Million cubic feet per day of natural gas.
"MMTPA"	Million metric tonnes per annum.
"NAMCOR"	National Petroleum Corporation of Namibia.
"Natural gas liquid" or "NGL"	Components of natural gas that are separated from the gas state in the form of liquids. These include propane, butane, and ethane, among others.
"NYSE"	New York Stock Exchange.
"Ophir"	Ophir Energy plc.
"PETROCI"	PETROCI Holding.
"Petroleum contract"	A contract in which the owner of hydrocarbons gives an E&P company temporary and limited rights, including an exclusive option to explore for, develop, and produce hydrocarbons from the lease area.
"Petroleum system"	A petroleum system consists of organic material that has been buried at a sufficient depth to allow adequate temperature and pressure to expel hydrocarbons and cause the movement of oil and natural gas from the area in which it was formed to a reservoir rock where it can accumulate.
"Plan of development" or "PoD"	A written document outlining the steps to be undertaken to develop a field.
"Productive well"	An exploratory or development well found to be capable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well.
"Prospect(s)"	A potential trap that may contain hydrocarbons and is supported by the necessary amount and quality of geologic and geophysical data to indicate a probability of oil and/or natural gas accumulation ready to be drilled. The five required elements (generation, migration, reservoir, seal and trap) must be present for a prospect to work and if any of these fail neither oil nor natural gas may be present, at least not in commercial volumes.
"Proved reserves"	Estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically recoverable in future years from known reservoirs under existing economic and operating conditions, as well as additional reserves expected to be obtained through confirmed improved recovery techniques, as defined in SEC Regulation S-X 4-10(a)(2).
"Proved developed reserves"	Those proved reserves that can be expected to be recovered through existing wells and facilities and by existing operating methods.
"Proved undeveloped reserves"	Those proved reserves that are expected to be recovered from future wells and facilities, including future improved recovery projects which are anticipated with a high degree of certainty in reservoirs which have previously shown favorable response to improved recovery projects.
"RSC"	Ryder Scott Company, L.P.
"SEC"	Securities and Exchange Commission.
"Senior Notes"	7.125% Senior Notes due 2026.
"Senior Secured Notes"	7.875% Senior Secured Notes due 2021.
"Shelf margin"	The path created by the change in direction of the shoreline in reaction to the filling of a sedimentary basin.
"Shell"	Royal Dutch Shell and related subsidiaries.
"SNPC"	Société Nationale des Pétroles du Congo.
"Stratigraphy"	The study of the composition, relative ages and distribution of layers of sedimentary rock.
"Stratigraphic trap"	A stratigraphic trap is formed from a change in the character of the rock rather than faulting or folding of the rock and oil is held in place by changes in the porosity and permeability of overlying rocks.
"Structural trap"	A topographic feature in the earth's subsurface that forms a high point in the rock strata. This facilitates the accumulation of oil and gas in the strata.

"Structural-stratigraphic trap"	A structural-stratigraphic trap is a combination trap with structural and stratigraphic features.
"Submarine fan"	A fan-shaped deposit of sediments occurring in a deep water setting where sediments have been transported via mass flow, gravity induced, processes from the shallow to deep water. These systems commonly develop at the bottom of sedimentary basins or at the end of large rivers.
"TAG GSA"	TEN Associated Gas - Gas Sales Agreement.
"TEN"	Tweneboa, Enyenra and Ntomme.
"Three-way fault trap"	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
"Tortue Phase 1 SPA"	Greater Tortue Ahmeyim Agreement for a Long Term Sale and Purchase of LNG.
"Trafigura"	Trafigura Group PTD, Ltd. and related subsidiaries including Trafigura Trading LLC.
"Trap"	A configuration of rocks suitable for containing hydrocarbons and sealed by a relatively impermeable formation through which hydrocarbons will not migrate.
"Trident"	Trident Energy.
"Undeveloped acreage"	Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains discovered resources.
"WCTP"	West Cape Three Points.

**KOSMOS ENERGY LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 300,819	\$ 224,502
Restricted cash	827	4,302
Receivables:		
Joint interest billings, net	36,423	81,424
Oil sales	29,227	64,142
Other	19,633	28,727
Inventories	142,232	114,412
Prepaid expenses and other	32,806	36,192
Derivatives	30,499	12,856
Total current assets	592,466	566,557
Property and equipment:		
Oil and gas properties, net	3,354,484	3,624,751
Other property, net	11,820	17,581
Property and equipment, net	3,366,304	3,642,332
Other assets:		
Restricted cash	542	542
Long-term receivables	101,118	43,430
Deferred financing costs, net of accumulated amortization of \$16,643 and \$14,681 at September 30, 2020 and December 31, 2019, respectively	4,359	6,321
Deferred tax assets	—	32,779
Derivatives	7,104	2,302
Other	21,608	22,969
Total assets	\$ 4,093,501	\$ 4,317,232
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 184,086	\$ 149,483
Accrued liabilities	186,630	380,704
Current maturities of long-term debt	169,905	—
Derivatives	24,589	8,914
Total current liabilities	565,210	539,101
Long-term liabilities:		
Long-term debt, net	2,191,433	2,008,063
Derivatives	6,283	11,478
Asset retirement obligations	247,564	230,526
Deferred tax liabilities	624,156	653,221
Other long-term liabilities	33,291	33,141
Total long-term liabilities	3,102,727	2,936,429
Stockholders' equity:		
Preference shares, \$0.01 par value; 200,000,000 authorized shares; zero issued at September 30, 2020 and December 31, 2019	—	—
Common stock, \$0.01 par value; 2,000,000,000 authorized shares; 449,673,344 and 445,779,367 issued at September 30, 2020 and December 31, 2019, respectively	4,497	4,458
Additional paid-in capital	2,300,586	2,297,221
Accumulated deficit	(1,642,512)	(1,222,970)
Treasury stock, at cost, 44,263,269 shares at September 30, 2020 and December 31, 2019, respectively	(237,007)	(237,007)
Total stockholders' equity	425,564	841,702
Total liabilities and stockholders' equity	\$ 4,093,501	\$ 4,317,232

See accompanying notes.

**KOSMOS ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Revenues and other income:</b>				
Oil and gas revenue	\$ 224,786	\$ 357,036	\$ 529,880	\$ 1,049,759
Other income, net	1	(66)	2	(65)
Total revenues and other income	224,787	356,970	529,882	1,049,694
<b>Costs and expenses:</b>				
Oil and gas production	84,277	95,540	234,627	266,316
Facilities insurance modifications, net	2,465	12,569	10,555	(5,174)
Exploration expenses	13,977	22,773	74,293	83,022
General and administrative	18,269	24,723	57,366	88,703
Depletion, depreciation and amortization	111,231	146,653	326,390	416,186
Impairment of long-lived assets	—	—	150,820	—
Interest and other financing costs, net	27,068	30,721	83,177	125,565
Derivatives, net	1,187	(27,016)	(34,776)	35,884
Other expenses, net	2,805	11,472	27,962	11,798
Total costs and expenses	261,279	317,435	930,414	1,022,300
Income (loss) before income taxes	(36,492)	39,535	(400,532)	27,394
Income tax expense	892	23,470	19,010	47,398
Net income (loss)	\$ (37,384)	\$ 16,065	\$ (419,542)	\$ (20,004)
<b>Net income (loss) per share:</b>				
Basic	\$ (0.09)	\$ 0.04	\$ (1.04)	\$ (0.05)
Diluted	\$ (0.09)	\$ 0.04	\$ (1.04)	\$ (0.05)
<b>Weighted average number of shares used to compute net income (loss) per share:</b>				
Basic	405,409	401,466	405,131	401,319
Diluted	405,409	410,992	405,131	401,319
Dividends declared per common share	\$ —	\$ 0.0452	\$ 0.0452	\$ 0.1356

See accompanying notes.



**KOSMOS ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(In thousands)  
(Unaudited)

	Common Shares		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total
	Shares	Amount				
<b>2020:</b>						
Balance as of December 31, 2019	445,779	\$ 4,458	\$ 2,297,221	\$ (1,222,970)	\$ (237,007)	\$ 841,702
Dividends (\$0.0452 per share)	—	—	(18,918)	—	—	(18,918)
Equity-based compensation	—	—	10,078	—	—	10,078
Restricted stock awards and units	3,590	36	(36)	—	—	—
Purchase of treasury stock / tax withholdings	—	—	(4,947)	—	—	(4,947)
Net loss	—	—	—	(182,767)	—	(182,767)
Balance as of March 31, 2020	449,369	4,494	2,283,398	(1,405,737)	(237,007)	645,148
Dividends	—	—	24	—	—	24
Equity-based compensation	—	—	8,406	—	—	8,406
Restricted stock awards and units	206	2	(2)	—	—	—
Net loss	—	—	—	(199,391)	—	(199,391)
Balance as of June 30, 2020	449,575	4,496	2,291,826	(1,605,128)	(237,007)	454,187
Dividends	—	—	27	—	—	27
Equity-based compensation	—	—	8,734	—	—	8,734
Restricted stock awards and units	98	1	(1)	—	—	—
Net loss	—	—	—	(37,384)	—	(37,384)
Balance as of September 30, 2020	449,673	\$ 4,497	\$ 2,300,586	\$ (1,642,512)	\$ (237,007)	\$ 425,564
<b>2019:</b>						
Balance as of December 31, 2018	442,915	\$ 4,429	\$ 2,341,249	\$ (1,167,193)	\$ (237,007)	\$ 941,478
Dividends (\$0.0452 per share)	—	—	(18,744)	—	—	(18,744)
Equity-based compensation	—	—	8,744	—	—	8,744
Restricted stock awards and units	2,610	26	(26)	—	—	—
Purchase of treasury stock / tax withholdings	—	—	(1,979)	—	—	(1,979)
Net loss	—	—	—	(52,906)	—	(52,906)
Balance as of March 31, 2019	445,525	4,455	2,329,244	(1,220,099)	(237,007)	876,593
Dividends (\$0.0452 per share)	—	—	(18,740)	—	—	(18,740)
Equity-based compensation	—	—	9,525	—	—	9,525
Restricted stock awards and units	113	1	(1)	—	—	—
Purchase of treasury stock / tax withholdings	—	—	(4)	—	—	(4)
Net income	—	—	—	16,837	—	16,837
Balance as of June 30, 2019	445,638	4,456	2,320,024	(1,203,262)	(237,007)	884,211
Dividends (\$0.0452 per share)	—	—	(18,753)	—	—	(18,753)
Equity-based compensation	—	—	9,507	—	—	9,507
Restricted stock awards and units	119	2	(2)	—	—	—
Net income	—	—	—	16,065	—	16,065
Balance as of September 30, 2019	445,757	\$ 4,458	\$ 2,310,776	\$ (1,187,197)	\$ (237,007)	\$ 891,030

See accompanying notes.

**KOSMOS ENERGY LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30,	
	2020	2019
<b>Operating activities</b>		
Net loss	\$ (419,542)	\$ (20,004)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and amortization (including deferred financing costs)	333,120	423,160
Deferred income taxes	3,715	(69,840)
Unsuccessful well costs and leasehold impairments	24,338	7,361
Impairment of long-lived assets	150,820	—
Change in fair value of derivatives	(32,156)	34,003
Cash settlements on derivatives, net (including \$22.8 million and \$(27.0) million on commodity hedges during 2020 and 2019)	16,904	(24,701)
Equity-based compensation	26,392	27,382
Loss on extinguishment of debt	2,893	24,794
Other	6,673	9,600
Changes in assets and liabilities:		
Decrease in receivables	88,107	12,886
Increase in inventories	(30,848)	(51,943)
Decrease in prepaid expenses and other	3,253	23,512
Decrease in accounts payable	(2,631)	(61,909)
Increase (decrease) in accrued liabilities	(150,381)	65,975
Net cash provided by operating activities	20,657	400,276
<b>Investing activities</b>		
Oil and gas assets	(215,425)	(240,642)
Other property	(1,838)	(8,291)
Proceeds on sale of assets	1,713	—
Notes receivable from partners	(53,574)	(19,565)
Net cash used in investing activities	(269,124)	(268,498)
<b>Financing activities</b>		
Borrowings under long-term debt	300,000	175,000
Payments on long-term debt	—	(325,000)
Advances under production prepayment agreement	50,000	—
Net proceeds from issuance of senior notes	—	641,875
Redemption of senior secured notes	—	(535,338)
Purchase of treasury stock / tax withholdings	(4,947)	(1,983)
Dividends	(19,174)	(54,447)
Deferred financing costs	(4,570)	(2,443)
Net cash provided by (used in) financing activities	321,309	(102,336)
Net increase in cash, cash equivalents and restricted cash	72,842	29,442
Cash, cash equivalents and restricted cash at beginning of period	229,346	185,616
Cash, cash equivalents and restricted cash at end of period	\$ 302,188	\$ 215,058
<b>Supplemental cash flow information</b>		
Cash paid for:		
Interest, net of capitalized interest	\$ 101,908	\$ 78,691
Income taxes, net of refund received	\$ 68,330	\$ 27,768
Non-cash activity:		
Production Prepayment Agreement converted to GoM Term Loan	\$ 50,000	\$ —

See accompanying notes.

## KOSMOS ENERGY LTD.

### Notes to Consolidated Financial Statements (Unaudited)

#### 1. Organization

Kosmos Energy Ltd. changed its jurisdiction of incorporation from Bermuda to the State of Delaware, in the United States of America, (the "Redomestication") in December 2018. As a holding company, Kosmos Energy Ltd.'s management operations are conducted through a wholly-owned subsidiary, Kosmos Energy, LLC. The terms "Kosmos," the "Company," "we," "us," "our," "ours," and similar terms refer to Kosmos Energy Ltd. and its wholly-owned subsidiaries, unless the context indicates otherwise.

Kosmos is a full-cycle deepwater independent oil and gas exploration and production company focused along the Atlantic Margins. Our key assets include production offshore Ghana, Equatorial Guinea and U.S. Gulf of Mexico, as well as a world-class gas development offshore Mauritania and Senegal. We also maintain a sustainable proven basin exploration program in Equatorial Guinea, Ghana and U.S. Gulf of Mexico. Kosmos is listed on the New York Stock Exchange and London Stock Exchange and is traded under the ticker symbol KOS.

Kosmos is engaged in a single line of business, which is the exploration, development, and production of oil and natural gas. Substantially all of our long-lived assets and all of our product sales are related to operations in four geographic areas: Ghana, Equatorial Guinea, Mauritania/Senegal and U.S. Gulf of Mexico. In addition, we have exploration activities in other countries in the Atlantic Margins.

#### 2. Accounting Policies

##### General

The interim consolidated financial statements included in this report are unaudited and, in the opinion of management, include all adjustments of a normal recurring nature necessary for a fair presentation of the results for the interim periods. The results of the interim periods shown in this report are not necessarily indicative of the final results to be expected for the full year. The consolidated financial statements were prepared in accordance with the requirements of the SEC for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by GAAP have been condensed or omitted from these interim consolidated financial statements. These consolidated financial statements and the accompanying notes should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2019, included in our annual report on Form 10-K.

##### Impairment of Long-Lived Assets

We review our long-lived assets for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. ASC 360 — Property, Plant and Equipment requires an impairment loss to be recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. That assessment shall be based on the carrying amount of the asset at the date it is tested for recoverability, whether in use or under development. Assets to be disposed of and assets not expected to provide any future service potential to us are recorded at the lower of carrying amount or fair value. Oil and gas properties are grouped in accordance with ASC 932 — Extractive Activities-Oil and Gas. The basis for grouping is a reasonable aggregation of properties typically by field or by logical grouping of assets with significant shared infrastructure.

For long-lived assets whereby the carrying value exceeds the estimated future undiscounted cash flows, the carrying amount is reduced to fair value. Fair value is generally estimated using the income approach described in the ASC 820 — Fair Value Measurement. If applicable, we utilize prices and other relevant information generated by market transactions involving assets and liabilities that are identical or comparable to the item being measured as the basis for determining fair value. The expected future cash flows used for impairment reviews and related fair value measurements are typically based on judgmental assessments of future production, pricing estimates, capital and operating costs, market-based weighted average cost of capital, and risk adjustment factors applied to reserves. These assumptions are applied to develop future cash flow projections that are then discounted to estimated fair value, using a market-based weighted-average cost of capital. Although we base the fair value estimate of each asset group on assumptions we believe to be reasonable, those assumptions are inherently unpredictable and

uncertain, and actual results could differ from the estimate. Negative revisions of estimated reserve quantities, increases in future cost estimates, divestiture of a significant component of the asset group, or sustained decreases in crude oil prices could lead to a reduction in expected future cash flows and possibly an additional impairment of long-lived assets in future periods.

We believe the assumptions used in our analysis to test for impairment are appropriate and result in a reasonable estimate of future cash flows and fair value. Kosmos has consistently used an average of third-party industry forecasts to determine our pricing assumptions. Where unproved reserves exist, an appropriately risk-adjusted amount of these reserves may be included in the evaluation.

### Reclassifications

Certain prior period amounts have been reclassified to conform with the current presentation. Such reclassifications had no significant impact on our reported net income (loss), current assets, total assets, current liabilities, total liabilities, stockholders' equity or cash flows.

### Cash, Cash Equivalents and Restricted Cash

	September 30, 2020	December 31, 2019
	(In thousands)	
Cash and cash equivalents	\$ 300,819	\$ 224,502
Restricted cash - current	827	4,302
Restricted cash - long-term	542	542
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 302,188</u>	<u>\$ 229,346</u>

Cash and cash equivalents include demand deposits and funds invested in highly liquid instruments with original maturities of three months or less at the date of purchase. When our net leverage ratio exceeds 2.50x, we are required under the Facility to maintain a restricted cash balance that is sufficient to meet the payment of interest and fees for the next six-month period on the 7.125% Senior Notes plus the Corporate Revolver or the Facility, whichever is greater. As of September 30, 2020, we exceeded this ratio and expect to restrict approximately \$28.5 million to meet our requirements during the fourth quarter of 2020.

In accordance with certain of our petroleum contracts, we have posted letters of credit related to performance guarantees for our minimum work obligations. Certain of these letters of credit are cash collateralized in accounts held by us and as such are classified as restricted cash. Upon completion of the minimum work obligations and/or entering into the next phase of the respective petroleum contract, the requirement to post the existing letters of credit will be satisfied and the cash collateral will be released. However, additional letters of credit may be required should we choose to move into the next phase of certain of our petroleum contracts.

### Inventories

Inventories consisted of \$131.7 million and \$112.3 million of materials and supplies and \$10.5 million and \$2.1 million of hydrocarbons as of September 30, 2020 and December 31, 2019, respectively. The Company's materials and supplies inventory primarily consists of casing and wellheads and is stated at the lower of cost, using the weighted average cost method, or net realizable value.

Hydrocarbon inventory is carried at the lower of cost, using the weighted average cost method, or net realizable value. Hydrocarbon inventory costs include expenditures and other charges incurred in bringing the inventory to its existing condition. Selling expenses and general and administrative expenses are reported as period costs and excluded from inventory costs.

### Revenue Recognition

Our oil and gas revenues are recognized when hydrocarbons have been sold to a purchaser at a fixed or determinable price, title has transferred and collection is probable. Certain revenues are based on provisional price contracts which contain an embedded derivative that is required to be separated from the host contract for accounting purposes. The host contract is the receivable from oil sales at the spot price on the date of sale. The embedded derivative, which is not designated as a hedge, is

marked to market through oil and gas revenue each period until the final settlement occurs, which generally is limited to the month after the sale.

Oil and gas revenue is composed of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(In thousands)			
Revenues from contract with customer - Equatorial Guinea	\$ 43,003	\$ 54,894	\$ 95,520	\$ 207,173
Revenues from contract with customer - Ghana	124,436	173,613	238,686	502,413
Revenues from contract with customers - U.S. Gulf of Mexico	55,620	123,861	198,294	338,292
Provisional oil sales contracts	1,727	4,668	(2,620)	1,881
Oil and gas revenue	<u>\$ 224,786</u>	<u>\$ 357,036</u>	<u>\$ 529,880</u>	<u>\$ 1,049,759</u>

### Restructuring Charges

The Company accounts for restructuring charges and related termination benefits in accordance with ASC 712 — Compensation-Nonretirement Postemployment Benefits. Under this standard, the costs associated with termination benefits are recorded during the period in which the liability is incurred. During the three and nine months ended September 30, 2020, we recognized \$(0.1) million and \$13.3 million, respectively, in restructuring charges for employee severance and related benefit costs incurred as part of a corporate reorganization in Other expenses, net in the consolidated statement of operations.

### Concentration of Credit Risk

Our revenue can be materially affected by current economic conditions and the price of oil. However, based on the current demand for crude oil and the fact that alternative purchasers are available, we believe that the loss of our marketing agent and/or any of the purchasers identified by our marketing agent would not have a long-term material adverse effect on our financial position or results of operations. The continued economic disruption resulting from the COVID-19 pandemic could materially impact the Company's business in future periods. Any potential disruption will depend on the duration and intensity of these events, which are highly uncertain and cannot be predicted at this time. For our U.S. Gulf of Mexico operations, crude oil and natural gas are transported to customers using third-party pipelines. For the three months ended September 30, 2020 and 2019, revenue from Phillips 66 Company made up approximately 18% and 21%, respectively, and revenue from Shell Trading (US) Company made up approximately 7% and 11%, respectively, of our total consolidated revenue and was included in our U.S. Gulf of Mexico segment. For the nine months ended September 30, 2020 and 2019, revenue from Phillips 66 Company made up approximately 29% and 22%, respectively, and revenue from Shell Trading (US) Company made up approximately 12% and 9%, respectively, of our total consolidated revenue and was included in our U.S. Gulf of Mexico segment.

### Recent Accounting Standards

In June 2016, ASU 2016-13, "Measurement of Credit Losses on Financial Instruments," was issued requiring measurement of all expected credit losses for certain types of financial instruments, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This standard was effective January 1, 2020. We assessed all receivable positions for expected credit losses through the implementation of ASU 2016-13, current expected credit loss standard (CECL). Our receivables are collectible in the original term of the underlying agreements and current expected credit losses under the CECL standard are not significant.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes". The amendments in the ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted, however, we do not plan to early adopt ASU 2019-12 at this time. ASU 2019-12 is not expected to have a material impact on our income tax expense.

### 3. Acquisitions and Divestitures

#### 2020 Transactions

During the third quarter of 2020, Kosmos entered into an agreement with Shell to farm down interests in a portfolio of frontier exploration assets for cash consideration of \$96.0 million and future contingent consideration of up to \$100.0 million. Under the terms of the agreement, Shell will acquire Kosmos' participating interest in blocks offshore Sao Tome and Principe, Suriname, Namibia, and South Africa. The cash consideration will be allocated and paid by Shell on a country-by-country basis. The agreement is subject to customary conditions precedent, including regulatory and host government approvals and is expected to close during the fourth quarter of 2020. The future contingent consideration is based on the outcome of the first four wells drilled in the purchased assets, excluding South Africa, and is payable upon submission of an appraisal plan to the relevant governmental authority under the relevant host government contract. Shell will pay \$50.0 million for each appraisal plan submitted, capped in the aggregate at a maximum of \$100.0 million. The book value of the portfolio of exploration assets as of September 30, 2020 was approximately \$4.5 million.

In October 2020, Kosmos withdrew from Block C6 offshore Mauritania.

During the second quarter of 2020, Kosmos made a decision to withdraw from our blocks offshore Cote d'Ivoire following our evaluation of seismic data.

In July 2020, we provided notice to Staatsolie that we declined to enter the final exploration phase of the Suriname Block 45 petroleum agreement.

#### *2019 Transactions*

During the first quarter of 2019, we agreed a petroleum contract covering offshore Marine XXI block with the national oil company of the Republic of the Congo, Societe Nationale des Petroles du Congo. The petroleum contract was subject to a required governmental approval process before the petroleum contract could be made effective. The petroleum contract had not been approved by the government of the Republic of Congo nor entered into force when, in February 2020, we terminated our interests in the Marine XXI block petroleum contract.

In March 2019, we completed an agreement to acquire Ophir's remaining interest in Block EG-24, offshore Equatorial Guinea, which increased our participating interest to 80% and named Kosmos as operator.

#### **4. Joint Interest Billings, Related Party Receivables and Notes Receivables**

##### *Joint Interest Billings*

The Company's joint interest billings generally consist of receivables from partners with interests in common oil and gas properties operated by the Company for shared costs. Joint interest billings are classified on the consolidated balance sheets as current and long-term receivables based on when collection is expected to occur.

In Ghana, the contractor group funded GNPC's 5% share of the TEN development costs. The block partners are being reimbursed for such costs plus interest out of a portion of GNPC's TEN production revenues. As of September 30, 2020 and December 31, 2019, the current portions of the joint interest billing receivables due from GNPC for the TEN fields development costs were \$9.1 million and \$14.0 million, respectively, and the long-term portions were \$17.6 million and \$16.0 million, respectively.

##### *Notes Receivables*

In February 2019, Kosmos and BP signed Carry Advance Agreements with the national oil companies of Mauritania and Senegal which obligate us separately to finance the respective national oil company's share of certain development costs incurred through first gas production for Greater Tortue Ahmeyim Phase 1, currently projected in 2023. Kosmos' share for the two agreements combined is up to \$239.7 million, which is to be repaid with interest through the national oil companies' share of future revenues. As of September 30, 2020 and December 31, 2019, the balance due from the national oil companies was \$83.5 million and \$27.4 million, respectively, which is classified as Long-term receivables on our consolidated balance sheets.

## 5. Property and Equipment

Property and equipment is stated at cost and consisted of the following:

	September 30, 2020	December 31, 2019
	(In thousands)	
Oil and gas properties:		
Proved properties	\$ 5,220,739	\$ 4,904,648
Unproved properties	535,466	814,065
Total oil and gas properties	5,756,205	5,718,713
Accumulated depletion	(2,401,721)	(2,093,962)
Oil and gas properties, net	3,354,484	3,624,751
Other property	59,987	61,598
Accumulated depreciation	(48,167)	(44,017)
Other property, net	11,820	17,581
Property and equipment, net	<u>\$ 3,366,304</u>	<u>\$ 3,642,332</u>

We recorded depletion expense of \$104.9 million and \$139.1 million for the three months ended, September 30, 2020 and 2019, respectively, and \$307.8 million and \$394.1 million for the nine months ended September 30, 2020 and 2019, respectively. During the three months ended September 30, 2020 and 2019, no oil and gas asset impairments were recorded. During the nine months ended September 30, 2020 and 2019, we recorded asset impairments totaling \$150.8 million and zero, respectively, in our consolidated statement of operations in connection with fair value assessments for oil and gas proved properties in the U.S. Gulf of Mexico.

## 6. Suspended Well Costs

The following table reflects the Company's capitalized exploratory well costs on drilled wells as of and during the nine months ended September 30, 2020. The table excludes \$12.1 million in costs that were capitalized and expensed during the same period. During the first quarter of 2020, the exploratory well costs associated with the Greater Tortue Ahmeyim Unit were reclassified to proved property as the execution of the Tortue Phase 1 SPA in February 2020 resulted in recognition of proved undeveloped reserves at that time.

	September 30, 2020
	(In thousands)
Beginning balance	\$ 445,790
Additions to capitalized exploratory well costs pending the determination of proved reserves	2,098
Reclassification due to determination of proved reserves	(263,849)
Capitalized exploratory well costs charged to expense	—
Ending balance	<u>\$ 184,039</u>

The following table provides an aging of capitalized exploratory well costs based on the date drilling was completed and the number of projects for which exploratory well costs have been capitalized for more than one year since the completion of drilling:

	September 30, 2020	December 31, 2019
	(In thousands, except well counts)	
Exploratory well costs capitalized for a period of one year or less	\$ 28,750	\$ 29,121
Exploratory well costs capitalized for a period of one to two years	—	78,245
Exploratory well costs capitalized for a period of three years or greater	155,289	338,424
Ending balance	\$ 184,039	\$ 445,790
Number of projects that have exploratory well costs that have been capitalized for a period greater than one year	2	3

As of September 30, 2020, the projects with exploratory well costs capitalized for more than one year since the completion of drilling are related to the BirAllah discovery (formerly known as the Marsouin discovery) in Block C8 offshore Mauritania and the Yakaar and Teranga discoveries in the Cayar Offshore Profond block offshore Senegal.

**BirAllah Discovery** — In November 2015, we completed the Marsouin-1 exploration well in the northern part of Block C8 offshore Mauritania, which encountered hydrocarbon pay. Following additional evaluation, a decision regarding commerciality is expected to be made. During the fourth quarter of 2019, we completed the nearby Orca-1 exploration well which encountered hydrocarbon pay. Following additional evaluation, a decision regarding commerciality is expected to be made. The BirAllah and Orca discoveries are being analyzed as a joint development.

**Yakaar and Teranga Discoveries** — In May 2016, we completed the Teranga-1 exploration well in the Cayar Offshore Profond block offshore Senegal, which encountered hydrocarbon pay. In June 2017, we completed the Yakaar-1 exploration well in the Cayar Offshore Profond block offshore Senegal, which encountered hydrocarbon pay. In November 2017, an integrated Yakaar-Teranga appraisal plan was submitted to the government of Senegal. In September 2019, we completed the Yakaar-2 appraisal well which encountered hydrocarbon pay. The Yakaar-2 well was drilled approximately nine kilometers from the Yakaar-1 exploration well. Following additional evaluation, a decision regarding commerciality is expected to be made. The Yakaar and Teranga discoveries are being analyzed as a joint development.

## 7. Leases

We have commitments under operating leases primarily related to office leases. Our leases have initial lease terms ranging from one year to ten years. Certain lease agreements contain provisions for future rent increases.

The components of lease cost for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three Months Ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(In thousands)			
Operating lease cost	\$ 1,511	\$ 1,279	\$ 4,668	\$ 4,288
Short-term lease cost(1)	269	960	13,071	1,547
Total lease cost	\$ 1,780	\$ 2,239	\$ 17,739	\$ 5,835

(1) Includes \$12.2 million and zero during the nine months ended September 30, 2020 and 2019, respectively, of costs associated with short-term drilling contracts.



Other information related to operating leases at September 30, 2020 and 2019, is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
	(In thousands, except lease term and discount rate)	
<b>Balance sheet classifications</b>		
Other assets (right-of-use assets)	\$ 18,288	\$ 20,008
Accrued liabilities (current maturities of leases)	2,081	1,139
Other long-term liabilities (non-current maturities of leases)	20,651	22,240
<b>Weighted average remaining lease term</b>	8.2 years	8.8 years
<b>Weighted average discount rate</b>	9.9 %	9.8 %

The table below presents supplemental cash flow information related to leases during the nine months ended September 30, 2020 and 2019:

	<b>Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
	(In thousands)	
Operating cash flows for operating leases	\$ 3,816	\$ 3,077
Investing cash flows for operating leases(1)	12,225	—

(1) Represents costs associated with short-term drilling contracts.

Future minimum rental commitments under our leases at September 30, 2020, are as follows:

	<b>Operating Leases(1)</b>
	(In thousands)
2020(2)	\$ 1,039
2021	4,199
2022	4,262
2023	4,326
2024	3,489
Thereafter	16,106
Total undiscounted lease payments	33,421
Less: Imputed interest	(10,689)
Total lease liabilities	\$ 22,732

(1) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments, in our petroleum contracts.

(2) Represents payments for the period from October 1, 2020 through December 31, 2020.

**8. Debt**

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
	(In thousands)	
Outstanding debt principal balances:		
Facility	\$ 1,450,000	\$ 1,400,000
Corporate Revolver	100,000	—
Senior Notes	650,000	650,000
GoM Term Loan	200,000	—
Total	<u>2,400,000</u>	<u>2,050,000</u>
Unamortized deferred financing costs and discounts(1)	<u>(38,662)</u>	<u>(41,937)</u>
Total debt, net	2,361,338	2,008,063
Less: Current maturities of long-term debt(2)	<u>(169,905)</u>	<u>—</u>
Long-term debt, net	<u>\$ 2,191,433</u>	<u>\$ 2,008,063</u>

(1) Includes \$26.4 million and \$32.8 million of unamortized deferred financing costs related to the Facility as of September 30, 2020 and December 31, 2019, respectively; \$8.2 million and \$9.1 million of unamortized deferred financing costs and discounts related to the Senior Notes as of September 30, 2020 and December 31, 2019, respectively; and \$4.1 million and zero of unamortized deferred financing costs related to the GoM Term Loan as of September 30, 2020 and December 31, 2019, respectively.

(2) As a result of the Facility redetermination in October 2020, the borrowing base was lowered to \$1.32 billion and the Company expects to make repayments totaling \$130 million during the fourth quarter of 2020.

*Facility*

The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. As of September 30, 2020, borrowings under the Facility totaled \$1.45 billion and the undrawn availability under the facility was \$0.05 billion. In April 2020, following the lenders' annual redetermination, the available borrowing base and Facility size were both reduced from \$1.6 billion to approximately \$1.5 billion. In addition, as part of the April 2020 redetermination process, the Company agreed to conduct an additional redetermination in September 2020. In October 2020, as a result of the September redetermination, the available borrowing base was reduced to approximately \$1.32 billion and the Company expects to make repayments totaling \$130 million during the fourth quarter of 2020. Additionally, the Company agreed to conduct semi-annual redeterminations every March and September, beginning with March 2021. When our net leverage ratio exceeds 2.50x, we are required under the Facility to maintain a restricted cash balance that is sufficient to meet the payment of interest and fees for the next six-month period on the 7.125% Senior Notes plus the Corporate Revolver or the Facility, whichever is greater. As of September 30, 2020, we exceeded this ratio and expect to restrict approximately \$28.5 million to meet our requirements during the fourth quarter of 2020.

The Facility provides a revolving credit and letter of credit facility. The availability period for the revolving credit facility expires one month prior to the final maturity date. The letter of credit facility expires on the final maturity date. The available facility amount is subject to borrowing base constraints and, beginning on March 31, 2022, outstanding borrowings will be constrained by an amortization schedule. The Facility has a final maturity date of March 31, 2025. As of September 30, 2020, we had no letters of credit issued under the Facility.

As result of the impact of COVID-19 on the demand for oil and the related significant decrease in oil prices, our ability to comply with one of our financial covenants, the debt cover ratio, may be impacted in future periods. Therefore, in July 2020, we proactively worked with our lender group, prior to any inability to comply with the financial covenants thereunder, to amend the debt cover ratio calculation through December 31, 2021. The amendment makes this covenant less restrictive during the stated period up to a maximum of 4.75x and thereafter gradually returns to the originally agreed upon ratio of 3.5x. We were in compliance with the financial covenants as of the most recent assessment date. The Facility contains customary cross default provisions.

### *Corporate Revolver*

In August 2018, we amended and restated the Corporate Revolver from a number of financial institutions, maintaining the borrowing capacity at \$400.0 million, extending the maturity date from November 2018 to May 2022 and lowering the margin to 5%. This results in lower commitment fees on the undrawn portion of the total commitments, which is 30% per annum of the respective margin. The Corporate Revolver is available for general corporate purposes and for oil and gas exploration, appraisal and development programs.

As of September 30, 2020, there were \$100.0 million in outstanding borrowings under the Corporate Revolver and the undrawn availability was \$300.0 million. As of September 30, 2020, we have \$4.4 million of net deferred financing costs related to the Corporate Revolver, which will be amortized over its remaining term.

As result of the impact of COVID-19 on the demand for oil and the related significant decrease in oil prices, our ability to comply with one of our financial covenants, the debt cover ratio, may be impacted in future periods. Therefore, in July 2020, we proactively worked with our lender group, prior to any inability to comply with the financial covenants thereunder, to amend the debt cover ratio calculation through December 31, 2021. The amendment makes this covenant less restrictive during the stated period up to a maximum of 4.75x and thereafter gradually returns to the originally agreed upon ratio of 3.5x. We were in compliance with the financial covenants as of the most recent assessment date. The Corporate Revolver contains customary cross default provisions.

### *Letters of Credit*

In 2019, we issued two letters of credit totaling \$20.4 million under a new letter of credit arrangement, which does not currently require cash collateral. In October 2020, as a result of the Shell farm down transaction discussed in Note 3 — Acquisitions and Divestitures, the letter of credit requirement associated with Block 11 offshore Sao Tome and Principe totaling \$3.4 million will no longer be required.

### *7.125% Senior Notes due 2026*

In April 2019, the Company issued \$650.0 million of 7.125% Senior Notes and received net proceeds of approximately \$640.0 million after deducting fees and other expenses. We used the net proceeds to redeem all of the Senior Secured Notes, repay a portion of the outstanding indebtedness under the Corporate Revolver and pay fees and expenses related to the redemption, repayment and the issuance of the Senior Notes.

The Senior Notes mature on April 4, 2026. Interest is payable in arrears each April 4 and October 4, commencing on October 4, 2019. The Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The Senior Notes are guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's Gulf of Mexico assets, and on a subordinated, unsecured basis by certain subsidiaries that guarantee the Facility. We were in compliance with the financial covenants contained in the Senior Notes as of September 30, 2020. The Senior Notes contain customary cross default provisions.

### *GoM Term Loan*

In September 2020, the Company entered into a five-year \$200 million senior secured term-loan credit agreement secured against the Company's U.S. Gulf of Mexico assets with net proceeds received of \$197.7 million after deducting fees and other expenses. The GoM Term Loan also includes an accordion feature providing for incremental commitments of up to \$100 million subject to certain conditions. The net proceeds will be used to pay down a portion of the Facility and to fund U.S. Gulf of Mexico working capital and general operating expenses. The \$50 million advanced under the Production Prepayment Agreement with Trafigura in the second quarter of 2020 has been extinguished and converted as part of the GoM Term Loan with the remaining \$150 million provided by Beal Bank. The GoM Term Loan bears interest at an effective rate of approximately 6% per annum and matures in 2025, with principal repayments beginning in the fourth quarter of 2021.

The GoM Term Loan contains customary affirmative and negative covenants, including covenants that affect our ability to incur additional indebtedness, create liens, merge, dispose of assets, and make distributions, dividends, investments or capital expenditures, among other things.

The GoM Term Loan includes certain representations and warranties, indemnities and events of default that, subject to certain materiality thresholds and grace periods, arise as a result of a payment default, failure to comply with covenants, material inaccuracy of representation or warranty, and certain bankruptcy or insolvency proceedings. If there is an event of default, all or any portion of the outstanding indebtedness may be immediately due and payable and other rights may be exercised including against the collateral.

At September 30, 2020, the estimated repayments of debt during the five fiscal year periods and thereafter are as follows:

	Payments Due by Year						
	Total	2020(2)	2021	2022	2023	2024	Thereafter
	(In thousands)						
Principal debt repayments(1)	\$ 2,400,000	\$ 130,244	\$ 73,333	\$ 312,494	\$ 458,571	\$ 458,572	\$ 966,786

(1) Includes the scheduled principal maturities for the \$650.0 million aggregate principal amount of Senior Notes and borrowings under the Facility, Corporate Revolver and GoM Term Loan. The scheduled maturities of debt related to the Facility as of September 30, 2020 are based on our level of borrowings and our estimated future available borrowing base commitment levels in future periods. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter.

(2) Represents payments for the period October 1, 2020 through December 31, 2020. As a result of the Facility redetermination in October 2020, the borrowing base was lowered to \$1.32 billion and the Company expects to make repayments totaling \$130 million during the fourth quarter of 2020.

#### Interest and other financing costs, net

Interest and other financing costs, net incurred during the periods is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(In thousands)			
Interest expense	\$ 29,760	\$ 34,944	\$ 90,031	\$ 111,566
Amortization—deferred financing costs	2,255	2,285	6,730	6,974
Loss on extinguishment of debt	678	—	2,893	24,794
Capitalized interest	(5,806)	(7,077)	(18,062)	(21,330)
Deferred interest	531	290	2,028	1,559
Interest income	(1,269)	(972)	(3,371)	(2,215)
Other, net	919	1,251	2,928	4,217
Interest and other financing costs, net	\$ 27,068	\$ 30,721	\$ 83,177	\$ 125,565

#### 9. Production Prepayment Agreement, net

In June 2020, the Company received \$50 million from Trafigura under a Production Prepayment Agreement of crude oil sales related to a portion of our U.S. Gulf of Mexico production primarily in 2022 and 2023. As discussed in Note 8 — Debt, the Company has terminated the Production Prepayment Agreement and the initial prepayment of \$50 million advanced under the Production Prepayment Agreement by Trafigura in the second quarter of 2020 has been extinguished and converted into the GoM Term Loan as of September 30, 2020.

#### 10. Derivative Financial Instruments

We use financial derivative contracts to manage exposures to commodity price and interest rate fluctuations. We do not hold or issue derivative financial instruments for trading purposes.

We manage market and counterparty credit risk in accordance with our policies and guidelines. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions. We have

included an estimate of non-performance risk in the fair value measurement of our derivative contracts as required by ASC 820 — Fair Value Measurement.

### Oil Derivative Contracts

The following table sets forth the volumes in barrels underlying the Company's outstanding oil derivative contracts and the weighted average prices per Bbl for those contracts as of September 30, 2020. Volumes and weighted average prices are net of any offsetting derivative contracts entered into.

Term	Type of Contract	Index	MBbl	Weighted Average Price per Bbl						
				Net Deferred Premium Payable/(Receivable)	Swap	Sold Put	Floor	Ceiling	Purchased Call	
2020:										
Oct — Dec	Swaps	Dated Brent	2,637	\$ —	\$ 42.67	\$ —	\$ —	\$ —	\$ —	\$ —
Oct — Dec	Swaps	Argus LLS	1,500	—	29.98	—	—	—	—	—
Oct — Dec	Call spreads	NYMEX WTI	(1)	1.20	—	—	—	45.00	35.00	—
Oct — Dec	Swaps with sold puts	Dated Brent	167	—	35.00	25.00	—	—	—	—
Oct — Dec	Three-way collars	Dated Brent	500	—	—	25.00	32.50	40.00	40.00	—
Oct — Dec	Sold calls(2)	Dated Brent	2,375	(0.19)	—	—	—	80.83	—	—
2021:										
Jan — Dec	Swaps with sold puts	Dated Brent	6,000	\$ —	\$ 53.96	\$ 42.92	\$ —	\$ —	\$ —	\$ —
Jan — Dec	Three-way collars	Dated Brent	2,000	0.50	—	30.00	40.00	55.20	55.20	—
Jan — Dec	Sold calls(2)	Dated Brent	7,000	—	—	—	—	70.09	70.09	—
2022:										
Jan — Dec	Sold calls(2)	Dated Brent	1,581	\$ —	\$ —	\$ —	\$ —	\$ 60.00	\$ 60.00	\$ —

(1) Added call spreads on 0.5 million barrels to open upside for U.S. Gulf of Mexico production.

(2) Represents call option contracts sold to counterparties to enhance other derivative positions.

In April 2020, we restructured the majority of our May 2020 through December 2020 derivative contracts, whereby we converted the existing hedges into 7.0 MMBbls of Dated Brent swap contracts with an average fixed price of \$42.67 per barrel. In November 2020, we entered into Dated Brent three-way collar contracts for 1.0 MMBbl from January 2021 through December 2021 with a sold put price of \$32.50 per barrel, a floor price of \$40.00 per barrel and a ceiling price of \$50.00 per barrel.

The following tables disclose the Company's derivative instruments as of September 30, 2020 and December 31, 2019, and gain/(loss) from derivatives during the three and nine months ended September 30, 2020 and 2019, respectively:

Type of Contract	Balance Sheet Location	Estimated Fair Value Asset (Liability)	
		September 30, 2020	December 31, 2019
(In thousands)			
<b>Derivatives not designated as hedging instruments:</b>			
Derivative assets:			
Commodity	Derivatives assets—current	\$ 30,499	\$ 12,856
Provisional oil sales	Receivables: Oil Sales	—	(3,287)
Commodity	Derivatives assets—long-term	7,104	2,302
Derivative liabilities:			
Commodity	Derivatives liabilities—current	(24,589)	(8,914)
Commodity	Derivatives liabilities—long-term	(6,283)	(11,478)
Total derivatives not designated as hedging instruments		<u>\$ 6,731</u>	<u>\$ (8,521)</u>

Type of Contract	Location of Gain/(Loss)	Amount of Gain/(Loss) Three Months Ended September 30,		Amount of Gain/(Loss) Nine Months Ended September 30,	
		2020	2019	2020	2019
(In thousands)					
<b>Derivatives not designated as hedging instruments:</b>					
Provisional oil sales	Oil and gas revenue	\$ 1,727	\$ 4,667	\$ (2,620)	\$ 1,881
Commodity	Derivatives, net	(1,187)	27,016	34,776	(35,884)
Total derivatives not designated as hedging instruments		<u>\$ 540</u>	<u>\$ 31,683</u>	<u>\$ 32,156</u>	<u>\$ (34,003)</u>

#### Offsetting of Derivative Assets and Derivative Liabilities

Our derivative instruments which are subject to master netting arrangements with our counterparties only have the right of offset when there is an event of default. As of September 30, 2020 and December 31, 2019, there was not an event of default and, therefore, the associated gross asset or gross liability amounts related to these arrangements are presented on the consolidated balance sheets.

#### 11. Fair Value Measurements

In accordance with ASC 820 — Fair Value Measurement, fair value measurements are based upon inputs that market participants use in pricing an asset or liability, which are classified into two categories: observable inputs and unobservable inputs. Observable inputs represent market data obtained from independent sources, whereas unobservable inputs reflect a company's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. We prioritize the inputs used in measuring fair value into the following fair value hierarchy:

- Level 1 — quoted prices for identical assets or liabilities in active markets.
- Level 2 — quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data by correlation or other means.

- Level 3 — unobservable inputs for the asset or liability. The fair value input hierarchy level to which an asset or liability measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019, for each fair value hierarchy level:

	Fair Value Measurements Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(In thousands)				
<b>September 30, 2020</b>				
<b>Assets:</b>				
Commodity derivatives	\$ —	\$ 37,603	\$ —	\$ 37,603
Provisional oil sales	—	—	—	—
<b>Liabilities:</b>				
Commodity derivatives	—	(30,872)	—	(30,872)
<b>Total</b>	<b>\$ —</b>	<b>\$ 6,731</b>	<b>\$ —</b>	<b>\$ 6,731</b>
<b>December 31, 2019</b>				
<b>Assets:</b>				
Commodity derivatives	\$ —	\$ 15,158	\$ —	\$ 15,158
Provisional oil sales	—	(3,287)	—	(3,287)
<b>Liabilities:</b>				
Commodity derivatives	—	(20,392)	—	(20,392)
<b>Total</b>	<b>\$ —</b>	<b>\$ (8,521)</b>	<b>\$ —</b>	<b>\$ (8,521)</b>

The book values of cash and cash equivalents and restricted cash approximate fair value based on Level 1 inputs. Joint interest billings, oil sales and other receivables, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. Our long-term receivables, after any allowances for doubtful accounts, and other long-term assets approximate fair value. The estimates of fair value of these items are based on Level 2 inputs.

#### *Commodity Derivatives*

Our commodity derivatives represent crude oil collars, put options, call options and swaps for notional barrels of oil at fixed Dated Brent, NYMEX WTI, or Argus LLS oil prices. The values attributable to our oil derivatives are based on (i) the contracted notional volumes, (ii) independent active futures price quotes for the respective index, (iii) a credit-adjusted yield curve applicable to each counterparty by reference to the credit default swap ("CDS") market and (iv) an independently sourced estimate of volatility for the respective index. The volatility estimate was provided by certain independent brokers who are active in buying and selling oil options and was corroborated by market-quoted volatility factors. The deferred premium is included in the fair market value of the commodity derivatives. See Note 10 — Derivative Financial Instruments for additional information regarding the Company's derivative instruments.

#### *Provisional Oil Sales*

The value attributable to provisional oil sales derivatives is based on (i) the sales volumes and (ii) the difference in the independent active futures price quotes for the respective index over the term of the pricing period designated in the sales contract and the spot price on the lifting date.

## Debt

The following table presents the carrying values and fair values at September 30, 2020 and December 31, 2019:

	September 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In thousands)				
Senior Notes	\$ 643,274	\$ 569,088	\$ 642,550	\$ 664,957
GoM Term Loan	200,000	200,000	—	—
Corporate Revolver	100,000	100,000	—	—
Facility	1,450,000	1,450,000	1,400,000	1,400,000
Total	\$ 2,393,274	\$ 2,319,088	\$ 2,042,550	\$ 2,064,957

The carrying value of our Senior Notes represents the principal amounts outstanding less unamortized discounts. The fair value of our Senior Notes is based on quoted market prices, which results in a Level 1 fair value measurement. The carrying values of the GoM Term Loan, Corporate Revolver and Facility approximate fair value since they are subject to short-term floating interest rates that approximate the rates available to us for those periods.

### Nonrecurring Fair Value Measurements - Long-lived assets

Certain long-lived assets are reported at fair value on a non-recurring basis on the Company's consolidated balance sheet. These long-lived assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. Our long-lived assets are reviewed for impairment when changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company calculates the estimated fair values of its long-lived assets using the income approach described in the ASC 820 — Fair Value Measurements. Significant inputs associated with the calculation of estimated discounted future net cash flows include anticipated future production, pricing estimates, capital and operating costs, market-based weighted average cost of capital, and risk adjustment factors applied to reserves. These are classified as Level 3 fair value assumptions. The Company utilizes an average of third-party industry forecasts of Dated Brent, adjusted for location and quality differentials, to determine our pricing assumptions. In order to evaluate the sensitivity of the assumptions, we analyze sensitivities to prices, production, and risk adjustment factors.

As a result of the impact of COVID-19 on the demand for oil and the related significant decrease in oil prices, we reviewed our long-lived assets for impairment at March 31, 2020, which resulted in impairment charges against earnings of \$150.8 million, reducing the carrying value of the properties to their estimated fair values of \$243.7 million. As part of our impairment analysis, the average per barrel Dated Brent price of third-party industry forecasts used for purposes of determining discounted future cash flows ranged from the mid-\$30s in 2020 increasing to the mid-\$50s over several years. The expected future cash flows were discounted using a rate of approximately 10 percent, which the Company believes is a market-based weighted average cost of capital for industry peers determined appropriate at the time of the valuation. These impairment charges are included in Impairments of long-lived assets on the consolidated statement of operations. The Company did not recognize additional impairment of proved oil and gas properties during the second and third quarters of 2020 as no impairment indicators were identified. If we experience further declines in oil pricing expectations, increases in our estimated future expenditures or a decrease in our estimated production profile, our long-lived assets could be at risk of additional impairment.



## 12. Equity-based Compensation

### Restricted Stock Units

We record equity-based compensation expense equal to the fair value of share-based payments over the vesting periods of the LTIP awards. We recorded compensation expense from awards granted under our LTIP of \$8.7 million and \$9.5 million during the three months ended September 30, 2020 and 2019, respectively, and \$26.4 million and \$27.4 million during the nine months ended September 30, 2020 and 2019, respectively. The total tax benefit for the three months ended September 30, 2020 and 2019 was \$1.8 million and \$3.1 million, respectively, and \$5.6 million and \$5.9 million during the nine months ended September 30, 2020 and 2019, respectively. Additionally, we recorded a net tax shortfall (windfall) related to equity-based compensation of \$0.1 million and nil for the three months ended September 30, 2020 and 2019, respectively, and \$1.2 million and \$1.2 million during the nine months ended September 30, 2020 and 2019, respectively. The fair value of awards vested during the three months ended September 30, 2020 and 2019 was \$0.2 million and \$0.7 million, respectively, and \$26.0 million and \$14.7 million during the nine months ended September 30, 2020 and 2019, respectively. The Company granted restricted stock units with service vesting criteria and a combination of market and service vesting criteria under the LTIP. Substantially all these grants vest over three years. Upon vesting, restricted stock units become issued and outstanding stock.

The following table reflects the outstanding restricted stock units as of September 30, 2020:

	Service Vesting Restricted Stock Units (In thousands)	Weighted- Average Grant-Date Fair Value	Market / Service Vesting Restricted Stock Units (In thousands)	Weighted- Average Grant-Date Fair Value
Outstanding at December 31, 2019	4,731	\$ 5.71	7,798	\$ 8.42
Granted(1)	3,478	5.49	3,393	8.37
Forfeited(1)	(907)	6.17	(478)	8.02
Vested	(2,145)	5.90	(2,603)	9.47
Outstanding at September 30, 2020	<u>5,157</u>	<u>5.38</u>	<u>8,110</u>	<u>8.11</u>

- (1) The restricted stock units with a combination of market and service vesting criteria may vest between 0% and 200% of the originally granted units depending upon market performance conditions. Awards vesting over or under target shares of 100% results in additional shares granted or forfeited, respectively, in the period the market vesting criteria is determined.

As of September 30, 2020, total equity-based compensation to be recognized on unvested restricted stock units is \$32.9 million over a weighted average period of 1.86 years. In March 2018, the board of directors approved an amendment to the LTIP to add 11.0 million shares to the plan, which was approved by our stockholders at the Annual General Meeting in June 2018. The LTIP provides for the issuance of 50.5 million shares pursuant to awards under the plan. At September 30, 2020, the Company had approximately 6.0 million shares that remain available for issuance under the LTIP.

For restricted stock units with a combination of market and service vesting criteria, the number of common shares to be issued is determined by comparing the Company's total shareholder return with the total shareholder return of a predetermined group of peer companies over the performance period and can vest in up to 200% of the awards granted. The grant date fair value ranged from \$1.06 to \$12.96 per award. The Monte Carlo simulation model utilized multiple input variables that determined the probability of satisfying the market condition stipulated in the award grant and calculated the fair value of the award. The expected volatility utilized in the model was estimated using our historical volatility and the historical volatilities of our peer companies and ranged from 44.0% to 52.0%. The risk-free interest rate was based on the U.S. treasury rate for a term commensurate with the expected life of the grant and ranged from 0.8% to 2.5%. For the restricted stock units awarded in 2019 and 2020, the Monte Carlo simulation model included estimated quarterly dividend inputs ranging from \$0.045 to \$0.050.

### 13. Income Taxes

We provide for income taxes based on the laws and rates in effect in the countries in which our operations are conducted. The relationship between our pre-tax income or loss from continuing operations and our income tax expense or benefit varies from period to period as a result of various factors, which include changes in total pre-tax income or loss, the jurisdictions in which our income (loss) is earned, and the tax laws in those jurisdictions. We evaluate our estimated annual effective income tax rate each quarter, based on current and forecasted business results and enacted tax laws, and apply this tax rate to our ordinary income or loss to calculate our estimated tax expense or benefit. The Company excludes zero tax rate and tax-exempt jurisdictions from our evaluation of the estimated annual effective income tax rate. The tax effect of discrete items are recognized in the period in which they occur at the applicable statutory tax rate.

The income tax provision consists of United States, Ghanaian, and Equatorial Guinean income taxes, and Texas margin taxes. Our operations in other foreign jurisdictions have a 0% effective tax rate because they reside in countries with a 0% statutory rate or we have incurred losses in those jurisdictions and have full valuation allowances against the corresponding net deferred tax assets.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. For the three and nine months ended September 30, 2020, we increased our valuation allowance associated with our U.S. deferred tax assets by \$8.5 million and \$94.6 million, respectively, resulting in \$30.9 million of net U.S. deferred tax expense. The valuation allowance was necessary due to the recent decline in oil prices and the impact on our expected ability to utilize U.S. tax losses in the future.

In March 2020, the Coronavirus Aid, Relief, and Economic Security ACT ("CARES Act") became law. Among other things, the CARES Act permits taxpayers to carry back U.S. taxable losses generated during tax years 2018 through 2020 to the five tax years preceding the loss year to obtain tax refunds. Certain of our U.S. legal entities qualify for such relief and we recorded a current tax benefit of \$4.9 million during the first quarter of 2020, with a total \$12.2 million income tax refund claim. Other provisions of the CARES Act are not expected to have a material impact to our tax expense.

Income (loss) before income taxes is composed of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(In thousands)			
United States	\$ (41,359)	\$ 3,464	\$ (311,200)	\$ (70,776)
Foreign—other	4,867	36,071	(89,332)	98,170
Income (loss) before income taxes	<u>\$ (36,492)</u>	<u>\$ 39,535</u>	<u>\$ (400,532)</u>	<u>\$ 27,394</u>

For the three months ended, September 30, 2020 and 2019, our effective tax rate was 2% and 59%, respectively. For the nine months ended, September 30, 2020 and 2019, our effective tax rate was 5% and 173%, respectively.

For the three and nine months ended September 30, 2020, our overall effective tax rate was impacted by deferred tax expense related to valuation allowances on certain U.S. deferred tax assets and by a current tax benefit related to certain U.S. tax losses incurred in 2018 and carried back to years with a higher income tax rate. Additionally, for the three and nine months ended September 30, 2020 and 2019, our overall effective tax rates were impacted by the difference in our 21% U.S. income tax reporting rate and the 35% statutory tax rates applicable to our Ghanaian and Equatorial Guinean operations. Also, for the three and nine months ended September 30, 2019 our overall effective tax rate was impacted by non-deductible and non-taxable items associated with our U.S., Ghanaian, and Equatorial Guinean operations, and other losses and expenses, primarily related to exploration operations in tax-exempt jurisdictions or in taxable jurisdictions where we have valuation allowances against our deferred tax assets, and therefore, we do not realize any tax benefit on such losses or expenses.

The Company files income tax returns in all jurisdictions where such requirements exist, however, our primary tax jurisdictions are the United States, Ghana and Equatorial Guinea. The Company is open to tax examinations in the United States for federal income tax return years 2017 through 2019, in Ghana to federal income tax return years 2014 through 2019, and in Equatorial Guinea for tax year 2019.

As of September 30, 2020, the Company had no material uncertain tax positions. The Company's policy is to recognize potential interest and penalties related to income tax matters in income tax expense.

#### 14. Net Income (Loss) Per Share

The following table is a reconciliation between net income (loss) and the amounts used to compute basic and diluted net income (loss) per share and the weighted average shares outstanding used to compute basic and diluted net income (loss) per share:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
(In thousands, except per share data)				
<b>Numerator:</b>				
Net income (loss) allocable to common stockholders	\$ (37,384)	\$ 16,065	\$ (419,542)	\$ (20,004)
<b>Denominator:</b>				
Weighted average number of shares outstanding:				
Basic	405,409	401,466	405,131	401,319
Restricted stock awards and units(1)	—	9,526	—	—
Diluted	405,409	410,992	405,131	401,319
Net income (loss) per share:				
Basic	\$ (0.09)	\$ 0.04	\$ (1.04)	\$ (0.05)
Diluted	\$ (0.09)	\$ 0.04	\$ (1.04)	\$ (0.05)

(1) We excluded outstanding restricted stock awards and units of 11.6 million and 0.7 million for the three months ended September 30, 2020 and 2019, respectively, and 11.4 million and 15.4 million for the nine months ended September 30, 2020 and 2019, respectively, from the computations of diluted net income (loss) per share because the effect would have been anti-dilutive.

#### 15. Commitments and Contingencies

From time to time, we are involved in litigation, regulatory examinations and administrative proceedings primarily arising in the ordinary course of our business in jurisdictions in which we do business. Although the outcome of these matters cannot be predicted with certainty, management believes none of these matters, either individually or in the aggregate, would have a material effect upon the Company's financial position; however, an unfavorable outcome could have a material adverse effect on our results from operations for a specific interim period or year.

We currently have a commitment to drill one exploration well in Namibia and two exploration wells in Mauritania. In Sao Tome and Principe, we also have 3D seismic acquisition requirements of approximately 8,800 square kilometers, and in Mauritania we have 100 line km requirement for controlled source electromagnetic data acquisition. In South Africa we have 2D seismic acquisition requirements of approximately 500 line kilometers.

Upon closing of the Shell farm down transaction discussed in Note 3 — Acquisitions and Divestitures expected in the fourth quarter of 2020, the well and seismic commitments associated with the divested Sao Tome and Principe, Namibia and South Africa blocks will transfer to Shell.

##### *Performance Obligations*

As of September 30, 2020 and December 31, 2019, the Company had performance bonds totaling \$195.4 million for our supplemental bonding requirements stipulated by the BOEM and \$7.2 million to other operators related to costs anticipated for the plugging and abandonment of certain wells and the removal of certain facilities in our U.S. Gulf of Mexico fields. As of September 30, 2020 and December 31, 2019, we had zero cash collateral against these secured performance bonds.

##### *Dividends*

On March 26, 2020, the quarterly cash dividend of \$0.0452 per common share was paid to stockholders of record as of March 5, 2020. In March 2020, in response to economic conditions, including oil price volatility and the impact of COVID-19 pandemic, the Board of Directors decided to suspend the dividend.

**16. Additional Financial Information***Accrued Liabilities*

Accrued liabilities consisted of the following:

	September 30, 2020	December 31, 2019
	(In thousands)	
<b>Accrued liabilities:</b>		
Exploration, development and production	\$ 87,849	\$ 152,490
Revenue payable	24,435	32,482
Current asset retirement obligations	2,673	4,527
General and administrative expenses	4,696	44,575
Interest	3,361	33,584
Income taxes	51,016	103,566
Taxes other than income	2,035	3,375
Derivatives	6,571	4,837
Other	3,994	1,268
	<u>\$ 186,630</u>	<u>\$ 380,704</u>

*Asset Retirement Obligations*

The following table summarizes the changes in the Company's asset retirement obligations as of and during the nine months ended September 30, 2020:

	September 30, 2020
	(In thousands)
<b>Asset retirement obligations:</b>	
Beginning asset retirement obligations	\$ 235,053
Liabilities incurred during period	2,781
Liabilities settled during period	(4,113)
Revisions in estimated retirement obligations	2,139
Accretion expense	14,377
Ending asset retirement obligations	<u>\$ 250,237</u>

*Facilities Insurance Modifications, Net*

Facilities insurance modifications, net consists of costs associated with the long-term solution to convert the Jubilee FPSO to a permanently spread moored facility, net of related insurance reimbursements. During the three months ended September 30, 2020 and 2019, we incurred approximately \$2.5 million and \$12.6 million, respectively in expenditures with no offsetting insurance recoveries. During the nine months ended, September 30, 2020 and 2019, we incurred approximately \$10.6 million and \$34.8 million, respectively, in expenditures offset by approximately zero and \$40.0 million, respectively, in insurance recoveries.

### Other Expenses, Net

Other expenses, net incurred during the period is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(In thousands)			
Loss on disposal of inventory	\$ 1,200	\$ 1,232	\$ 3,028	\$ 1,419
(Gain) loss on ARO liability settlements	(170)	(746)	1,952	1,167
Restructuring charges	(72)	—	13,268	—
Other, net	1,847	10,986	9,714	9,212
Other expenses, net	\$ 2,805	\$ 11,472	\$ 27,962	\$ 11,798

The restructuring charges are for employee severance and related benefit costs incurred as part of a corporate reorganization.

### 17. Business Segment Information

Kosmos is engaged in a single line of business, which is the exploration and development of oil and gas. At September 30, 2020, the Company had operations in four geographic reporting segments: Ghana, Equatorial Guinea, Mauritania/Senegal and the U.S. Gulf of Mexico. To assess performance of the reporting segments, the Chief Operating Decision Maker reviews capital expenditures. Capital expenditures, as defined by the Company, may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with our consolidated financial statements and notes thereto. Financial information for each area is presented below:

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
	(In thousands)						
<b>Three months ended September 30, 2020</b>							
Revenues and other income:							
Oil and gas revenue	\$ 125,636	\$ 43,530	\$ —	\$ 55,620	\$ —	\$ —	\$ 224,786
Other income, net	1	—	—	37	33,003	(33,040)	1
Total revenues and other income	125,637	43,530	—	55,657	33,003	(33,040)	224,787
Costs and expenses:							
Oil and gas production	48,709	14,072	—	21,496	—	—	84,277
Facilities insurance modifications, net	2,465	—	—	—	—	—	2,465
Exploration expenses	48	1,561	806	5,485	6,077	—	13,977
General and administrative	3,101	1,017	1,168	3,580	39,472	(30,069)	18,269
Depletion, depreciation and amortization	63,487	15,421	15	31,499	809	—	111,231
Impairment of long-lived assets	—	—	—	—	—	—	—
Interest and other financing costs, net(1)	13,117	(344)	(6,607)	4,372	18,314	(1,784)	27,068
Derivatives, net	—	—	—	—	1,187	—	1,187
Other expenses, net	(1,818)	384	658	3,250	1,518	(1,187)	2,805
Total costs and expenses	129,109	32,111	(3,960)	69,682	67,377	(33,040)	261,279
Income (loss) before income taxes	(3,472)	11,419	3,960	(14,025)	(34,374)	—	(36,492)
Income tax expense	(849)	7,048	—	—	(5,307)	—	892
Net income (loss)	\$ (2,623)	\$ 4,371	\$ 3,960	\$ (14,025)	\$ (29,067)	\$ —	\$ (37,384)
Consolidated capital expenditures	\$ 6,116	\$ 9,853	\$ 46,574	\$ 30,677	\$ 6,287	\$ —	\$ 99,507

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
<b>Nine months ended September 30, 2020</b>							
Revenues and other income:							
Oil and gas revenue	\$ 236,536	\$ 95,050	\$ —	\$ 198,294	\$ —	\$ —	\$ 529,880
Other income, net	2	—	—	488	42,258	(42,746)	2
Total revenues and other income	236,538	95,050	—	198,782	42,258	(42,746)	529,882
Costs and expenses:							
Oil and gas production	113,319	50,961	—	70,347	—	—	234,627
Facilities insurance modifications, net	10,555	—	—	—	—	—	10,555
Exploration expenses	146	6,397	5,265	26,046	36,439	—	74,293
General and administrative	10,123	3,977	5,453	10,433	99,551	(72,171)	57,366
Depletion, depreciation and amortization	148,135	43,724	46	132,213	2,272	—	326,390
Impairment of long-lived assets	—	—	—	150,820	—	—	150,820
Interest and other financing costs, net(1)	41,270	(1,044)	(19,455)	12,052	55,705	(5,351)	83,177
Derivatives, net	—	—	—	—	(34,776)	—	(34,776)
Other expenses, net	(64,142)	(8,993)	3,129	46,995	16,197	34,776	27,962
Total costs and expenses	259,406	95,022	(5,562)	448,906	175,388	(42,746)	930,414
Income (loss) before income taxes	(22,868)	28	5,562	(250,124)	(133,130)	—	(400,532)
Income tax expense	(6,679)	(1,622)	—	30,902	(3,591)	—	19,010
Net income (loss)	\$ (16,189)	\$ 1,650	\$ 5,562	\$ (281,026)	\$ (129,539)	\$ —	\$ (419,542)
Consolidated capital expenditures	\$ 31,192	\$ 25,959	\$ 51,897	\$ 109,228	\$ 32,082	\$ —	\$ 250,358
<b>As of September 30, 2020</b>							
Property and equipment, net	\$ 1,373,126	\$ 449,020	\$ 502,355	\$ 1,015,905	\$ 25,898	\$ —	\$ 3,366,304
Total assets	\$ 1,511,667	\$ 708,614	\$ 717,323	\$ 3,221,915	\$ 12,782,894	\$ (14,848,912)	\$ 4,093,501

- (1) Interest expense is recorded based on actual third-party and intercompany debt agreements. Capitalized interest is recorded on the business unit where the assets reside.

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
<b>Three months ended September 30, 2019</b>							
Revenues and other income:							
Oil and gas revenue	\$ 177,797	\$ 55,378	\$ —	\$ 123,861	\$ —	\$ —	\$ 357,036
Other income, net	1	—	—	200	5,706	(5,973)	(66)
Total revenues and other income	177,798	55,378	—	124,061	5,706	(5,973)	356,970
Costs and expenses:							
Oil and gas production	42,017	21,369	—	32,154	—	—	95,540
Facilities insurance modifications, net	12,569	—	—	—	—	—	12,569
Exploration expenses	82	2,437	1,260	10,625	8,369	—	22,773
General and administrative	3,886	1,719	2,678	7,002	38,897	(29,459)	24,723
Depletion, depreciation and amortization	73,347	16,019	15	56,359	913	—	146,653
Interest and other financing costs, net(1)	16,821	—	(6,703)	5,083	17,304	(1,784)	30,721
Derivatives, net	—	—	—	(1,745)	(25,271)	—	(27,016)
Other expenses, net	(25,357)	615	9,141	550	1,253	25,270	11,472
Total costs and expenses	123,365	42,159	6,391	110,028	41,465	(5,973)	317,435
Income (loss) before income taxes	54,433	13,219	(6,391)	14,033	(35,759)	—	39,535
Income tax expense (benefit)	10,585	6,110	—	2,942	3,833	—	23,470
Net income (loss)	\$ 43,848	\$ 7,109	\$ (6,391)	\$ 11,091	\$ (39,592)	\$ —	\$ 16,065
Consolidated capital expenditures	\$ 28,398	\$ 15,397	\$ 842	\$ 49,629	\$ 13,127	\$ —	\$ 107,393

	Ghana	Equatorial Guinea	Mauritania/Senegal	U.S. Gulf of Mexico	Corporate & Other	Eliminations	Total
(In thousands)							
<b>Nine months ended September 30, 2019</b>							
Revenues and other income:							
Oil and gas revenue	\$ 502,800	\$ 208,667	\$ —	\$ 338,292	\$ —	\$ —	\$ 1,049,759
Other income, net	2	—	—	459	97,594	(98,120)	(65)
Total revenues and other income	502,802	208,667	—	338,751	97,594	(98,120)	1,049,694
Costs and expenses:							
Oil and gas production	117,027	60,645	—	88,644	—	—	266,316
Facilities insurance modifications, net	(5,174)	—	—	—	—	—	(5,174)
Exploration expenses	189	8,080	9,745	32,834	32,174	—	83,022
General and administrative	15,844	5,303	6,505	19,288	127,416	(85,653)	88,703
Depletion, depreciation and amortization	204,108	55,323	46	153,768	2,941	—	416,186
Interest and other financing costs, net(1)	56,500	—	(20,020)	16,654	77,782	(5,351)	125,565
Derivatives, net	—	—	—	28,768	7,116	—	35,884
Other expenses, net	6,761	(1,629)	9,783	2,695	1,304	(7,116)	11,798
Total costs and expenses	395,255	127,722	6,059	342,651	248,733	(98,120)	1,022,300
Income (loss) before income taxes	107,547	80,945	(6,059)	(3,900)	(151,139)	—	27,394
Income tax expense (benefit)	30,285	33,403	—	(824)	(15,466)	—	47,398
Net income (loss)	\$ 77,262	\$ 47,542	\$ (6,059)	\$ (3,076)	\$ (135,673)	\$ —	\$ (20,004)
Consolidated capital expenditures	\$ 96,861	\$ 36,448	\$ 7,132	\$ 136,688	\$ 41,177	\$ —	\$ 318,306
<b>As of September 30, 2019</b>							
Property and equipment, net	\$ 1,603,170	\$ 460,044	\$ 428,596	\$ 1,263,945	\$ 43,281	\$ —	\$ 3,799,036
Total assets	\$ 1,844,328	\$ 489,564	\$ 568,743	\$ 3,309,044	\$ 12,078,321	\$ (13,821,741)	\$ 4,468,259

- (1) Interest expense is recorded based on actual third-party and intercompany debt agreements. Capitalized interest is recorded on the business unit where the assets reside.

	Nine Months Ended September 30,	
	2020	2019
(In thousands)		
<b>Consolidated capital expenditures:</b>		
Consolidated Statements of Cash Flows - Investing activities:		
Oil and gas assets	\$ 215,425	\$ 240,642
Other property	1,838	8,291
Adjustments:		
Changes in capital accruals	(6,284)	11,083
Exploration expense, excluding unsuccessful well costs and leasehold impairments(1)	49,955	75,661
Capitalized interest	(18,062)	(21,330)
Other	7,486	3,959
Total consolidated capital expenditures	\$ 250,358	\$ 318,306

- (1) Unsuccessful well costs are included in oil and gas assets when incurred.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our consolidated financial statements and notes thereto contained herein and our annual financial statements for the year ended December 31, 2019, included in our annual report on Form 10-K along with the section Management's Discussion and Analysis of financial condition and Results of Operations contained in such annual report. Any terms used but not defined in the following discussion have the same meaning given to them in the annual report. Our discussion and analysis includes forward-looking statements that involve risks and uncertainties and should be read in conjunction with "Risk Factors" under Item 1A of this report and in the annual report, along with "Forward-Looking Information" at the end of this section for information about the risks and uncertainties that could cause our actual results to be materially different than our forward-looking statements.

### Overview

We are a full-cycle deepwater independent oil and gas exploration and production company focused along the Atlantic Margins. Our key assets include production offshore Ghana, Equatorial Guinea and U.S. Gulf of Mexico, as well as a world-class gas development offshore Mauritania and Senegal. We also maintain a sustainable proven basin exploration program in Equatorial Guinea, Ghana and U.S. Gulf of Mexico.

The ongoing COVID-19 pandemic that emerged at the beginning of 2020 has resulted in travel restrictions, including border closures, travel bans, social distancing restrictions and office closures being ordered in the various countries in which we operate, impacting some of our business operations. These ongoing restrictions have had an impact on the supply chain, resulting in the delay of various operational projects. Globally, the impact of COVID-19 has decreased demand for oil, which also resulted in significant declines in oil prices. The Company's revenues, earnings, cash flows, capital investments, debt capacity and, ultimately, future rate of growth are highly dependent on oil prices. Due to the COVID-19 pandemic, our operations have been impacted as follows:

- Delay to the installation of the Ghana Jubilee catenary anchor leg mooring ("CALM") buoy. The Government of Ghana implemented certain travel restrictions pertaining to its borders. The contractor responsible for the installation and commissioning of the Jubilee CALM buoy decided to suspend operations and demobilize from Ghana. The contractor returned to Ghana during the third quarter of 2020 to continue installation and commissioning of the CALM buoy. As a result of the delay, the Jubilee joint venture is expected to continue to incur an estimated \$6 million (gross) per month conducting ship to ship transfer operations until the CALM buoy is installed and commissioned. The Company expects the CALM buoy to be installed and commissioned during the fourth quarter of 2020.
- Deferral of the current Ghana drilling program associated with the termination of the Ghana drilling rig contract. The Company did not incur material costs associated with the termination of the drilling contract.
- Elected to defer completion operations on the Kodiak in-fill well drilled during 2020 in the U.S. Gulf of Mexico. Additionally, our U.S. Gulf of Mexico infrastructure led exploration (ILX) program was suspended. The Company did not incur material costs associated with the decision not to extend the drilling contract. In the fourth quarter of 2020, the Company expects to re-commence both the completion of the Kodiak in-fill well and our ILX program with the drilling of the Winterfell exploration well (formerly known as Monarch) in the U.S. Gulf of Mexico. See further discussion on both operations in U.S. Gulf of Mexico update below.
- Suspension of the 2020 Equatorial Guinea drilling program and ESP program. The Company did not incur material costs associated with the suspension of the programs and expects to restart in early 2021.
- Delay of the construction of the Greater Tortue Ahmeyim Phase 1 development project by approximately 12 months, with first gas now expected in the first half of 2023. Phase 1 of the project is currently approximately 45% complete and expected to be 50% complete at year-end 2020. This delay is expected to result in a significant reduction in budgeted spend in 2020 as activity and milestone payments are delayed. With the re-phasing of the project timeline, the partnership has approved a revised budget and, as a result, the carry of our capital obligations is expected to extend to around the end of the year, with a small payment expected in the fourth quarter of 2020 as a result of the progress achieved.
- Government of Sao Tome and Principe implemented certain travel regulations restricting international travelers from entering the country. These restrictions made it impossible for the Company to safely manage the seismic

acquisition in Blocks 10 and 13. As the technical operator of the seismic acquisition, the Company declared force majeure on the seismic acquisition contract and terminated it. Thereafter, BP, as operator of Blocks 10 and 13, declared force majeure on the blocks.

- Delayed expected spud date of the Jaca exploration well in Sao Tome Block 6 from the fourth quarter of 2020.
- Suspension of the quarterly dividend by the Board of Directors.
- During the first quarter of 2020, reduced Company headcount resulting in restructuring charges for employee severance and related benefits totaling approximately \$13.3 million during the nine months ended September 30, 2020.
- During the first quarter of 2020, recorded asset impairments totaling \$150.8 million during the three months ended March 31, 2020 primarily as a result of lower oil prices arising from the COVID-19 pandemic. The Company did not recognize additional impairment of proved oil and gas properties during the second and third quarters of 2020 as no impairment indicators were identified.

## Recent Developments

### *Corporate*

During the third quarter of 2020, Kosmos entered into an agreement with Shell to farm down interests in a portfolio of frontier exploration assets for cash consideration of \$96.0 million and future contingent consideration of up to \$100.0 million. Under the terms of the agreement, Shell will acquire Kosmos' participating interest in blocks offshore Sao Tome and Principe, Suriname, Namibia, and South Africa. The cash consideration will be allocated and paid by Shell on a country-by-country basis. The agreement is subject to customary conditions precedent, including regulatory and host government approvals and is expected to close during the fourth quarter of 2020. The future contingent consideration is based on the outcome of the first four wells drilled in the purchased assets, excluding South Africa, and is payable upon submission of an appraisal plan to the relevant governmental authority under the relevant host government contract. Shell will pay \$50.0 million for each appraisal plan submitted, capped in the aggregate at a maximum of \$100.0 million. The book value of the portfolio of exploration assets as of September 30, 2020 was approximately \$4.5 million.

In September 2020, the Company entered into a five-year \$200.0 million senior secured term-loan credit agreement secured against the Company's U.S. Gulf of Mexico assets. The GoM Term Loan also includes an accordion feature providing for incremental commitments of up to \$100.0 million subject to certain conditions. The net proceeds will be used to pay down a portion of the Facility and to fund U.S. Gulf of Mexico working capital and general operating expenses.

### *Ghana*

During the third quarter of 2020, Ghana production averaged approximately 137,300 Bopd (gross). Jubilee production averaged approximately 87,700 Bopd (gross) with consistent water injection and gas offtake and TEN production averaged approximately 49,600 Bopd (gross) as the NT-09 producer well came online.

### *U.S. Gulf of Mexico*

Production from the U.S. Gulf of Mexico averaged approximately 17,500 Boepd (net) for the third quarter of 2020. Production was negatively impacted by approximately 17 days of downtime as a result of hurricanes. Additionally, production in the third quarter was lower due to a hydrate in the gas export line from the Delta House platform and a turnaround of the facility.

In the first half of 2020, we successfully drilled a Kodiak development well located in Mississippi Canyon Block 727 (29.1% working interest). Due to the COVID-19 pandemic, the Company elected to defer the completion operations. In November 2020, the Company expects to commence the Kodiak development well completion operations. The well is a subsea tieback, which is expected to be brought online through existing infrastructure to the Devils Tower SPAR in the first half of 2021.

In September 2020, the Tornado 4 water injector well located in Green Canyon Block 280 (35.0% working interest) commenced operations. Shortly after completion of the Tornado 4 well, the decision was made to commence usage of the well for waterflood operations as opposed to short term production operations.

In October 2020 the Company entered into a lease exchange agreement with affiliates of Ridgewood Energy Corporation in which Kosmos farmed down working interests in five blocks in exchange for a working interest in five additional blocks, including an approximate 17 percent working interest in the Winterfell (formerly known as Monarch) exploration prospect which is expected to be spud in the fourth quarter of 2020, re-commencing our ILX program in the U.S. Gulf of Mexico. We expect results of the Winterfell exploration well in early 2021.

*Equatorial Guinea*

Production in Equatorial Guinea averaged approximately 33,000 Bopd (gross) in the third quarter of 2020.

In August 2020, we received approval for extensions to the current exploration phase for each of our four exploration blocks offshore Equatorial Guinea, Blocks S,W,21, & 24.

*Mauritania and Senegal*

In October 2020, Kosmos withdrew from Block C6 offshore Mauritania.

*Greater Tortue Ahmeyim Unit*

The Tortue Phase 1 SPA was signed on February 11, 2020, resulting in approximately 100 MMBoe of proved undeveloped reserves being recognized at that time as evaluated by the Company's independent reserve auditor, Ryder Scott, LP.

*Suriname*

In July 2020, we provided notice to Staatsolie that we declined to enter the final exploration phase of the Suriname Block 45 petroleum agreement.

*Sao Tome and Principe*

In the third quarter of 2020, we received approval for one year extensions to the current exploration phase for Blocks 5 and 11 offshore Sao Tome and Principe along with the elimination of the exploration well commitment from the current phase of Block 5.

In October 2020, we received approval for a one year extension to the current exploration phase for Block 6 offshore Sao Tome and Principe.

## Results of Operations

All of our results, as presented in the table below, represent operations from Jubilee and TEN fields in Ghana, the U.S. Gulf of Mexico and Equatorial Guinea. Certain operating results and statistics for the three and nine months ended September 30, 2020 and 2019 are included in the following tables:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
(In thousands, except per volume data)				
<b>Sales volumes:</b>				
Oil (MBbl)	5,160	5,698	14,361	16,239
Gas (MMcf)	1,167	1,189	4,451	4,653
NGL (MBbl)	122	142	457	393
Total (MBoe)	5,477	6,038	15,560	17,408
Total (Boepd)	59,527	65,632	56,788	63,764
<b>Revenues:</b>				
Oil sales	\$ 220,653	\$ 351,537	\$ 517,382	\$ 1,031,687
Gas sales	2,314	3,969	8,146	11,776
NGL sales	1,819	1,530	4,352	6,296
Total revenues	\$ 224,786	\$ 357,036	\$ 529,880	\$ 1,049,759
<b>Average sales price per unit:</b>				
Average oil sales price per Bbl	\$ 42.76	\$ 61.69	\$ 36.03	\$ 63.53
Average gas sales price per Mcf	1.98	3.34	1.83	2.53
Average NGL sales price per Bbl	14.91	10.77	9.52	16.02
Average total sales price per Boe	41.05	59.13	34.05	60.30
<b>Costs:</b>				
Oil and gas production, excluding workovers	\$ 87,998	\$ 87,410	\$ 233,141	\$ 245,476
Oil and gas production, workovers	(3,721)	8,130	1,486	20,840
Total oil and gas production costs	\$ 84,277	\$ 95,540	\$ 234,627	\$ 266,316
Depletion, depreciation and amortization	\$ 111,231	\$ 146,653	\$ 326,390	\$ 416,186
<b>Average cost per Boe:</b>				
Oil and gas production, excluding workovers	\$ 16.07	\$ 14.48	\$ 14.98	\$ 14.10
Oil and gas production, workovers	(0.68)	1.35	0.10	1.20
Total oil and gas production costs	15.39	15.83	15.08	15.30
Depletion, depreciation and amortization	20.31	24.29	20.98	23.91
Total	\$ 35.70	\$ 40.12	\$ 36.06	\$ 39.21

The following table shows the number of wells in the process of being drilled or in active completion stages, and the number of wells suspended or waiting on completion as of September 30, 2020:

	Actively Drilling or Completing				Wells Suspended or Waiting on Completion			
	Exploration		Development		Exploration		Development	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
<b>Ghana</b>								
Jubilee Unit	—	—	—	—	—	—	9	2.17
TEN	—	—	—	—	—	—	7	1.19
<b>Equatorial Guinea</b>								
Block S	—	—	—	—	1	0.40	—	—
<b>U.S. Gulf of Mexico</b>								
Kodiak 727 #3	—	—	—	—	—	—	1	0.29
<b>Mauritania / Senegal</b>								
Mauritania C8	—	—	—	—	2	0.56	—	—
Greater Tortue Ahmeyim Unit	—	—	—	—	3	0.80	1	0.27
Senegal Cayar Profond	—	—	—	—	3	0.90	—	—
<b>Total</b>								
	—	—	—	—	9	2.66	18	3.92

The discussion of the results of operations and the period-to-period comparisons presented below analyze our historical results. The following discussion may not be indicative of future results.

**Three months ended September 30, 2020 compared to three months ended September 30, 2019**

	Three Months Ended September 30,		Increase (Decrease)
	2020	2019	
	(In thousands)		
Revenues and other income:			
Oil and gas revenue	\$ 224,786	\$ 357,036	\$ (132,250)
Other income, net	1	(66)	67
Total revenues and other income	224,787	356,970	(132,183)
Costs and expenses:			
Oil and gas production	84,277	95,540	(11,263)
Facilities insurance modifications, net	2,465	12,569	(10,104)
Exploration expenses	13,977	22,773	(8,796)
General and administrative	18,269	24,723	(6,454)
Depletion, depreciation and amortization	111,231	146,653	(35,422)
Impairment of long-lived assets	—	—	—
Interest and other financing costs, net	27,068	30,721	(3,653)
Derivatives, net	1,187	(27,016)	28,203
Other expenses, net	2,805	11,472	(8,667)
Total costs and expenses	261,279	317,435	(56,156)
Income (loss) before income taxes	(36,492)	39,535	(76,027)
Income tax expense	892	23,470	(22,578)
Net income (loss)	\$ (37,384)	\$ 16,065	\$ (53,449)

*Oil and gas revenue.* Oil and gas revenue decreased by \$132.3 million as a result of lower production in the U.S. Gulf of Mexico due to the impact of hurricanes and facilities downtime and lower oil prices stemming from the excess market supplies related to the COVID-19 pandemic. We sold 5,477 MBoe at an average realized price per barrel equivalent of \$41.05 during the three months ended September 30, 2020 and 6,038 MBoe at an average realized price per barrel equivalent of \$59.13 during the three months ended September 30, 2019.

*Oil and gas production.* Oil and gas production costs decreased by \$11.3 million during the three months ended September 30, 2020, as compared to the three months ended September 30, 2019 primarily as a result of lower workover costs in the current period and other cost reductions.

*Facilities insurance modifications, net.* During the three months ended September 30, 2020, we incurred \$2.5 million of facilities insurance modifications costs associated with the long-term solution to the Jubilee turret bearing issue versus \$12.6 million during the three months ended September 30, 2019. During the three months ended September 30, 2020 and 2019, there were no offsetting hull and machinery insurance proceeds.

*Exploration expenses.* Exploration expenses decreased by \$8.8 million during the three months ended September 30, 2020, as compared to the three months ended September 30, 2019. The decrease is primarily a result of lower geological, geophysical and seismic costs incurred in 2020 versus the prior period related to the U.S. Gulf of Mexico business unit.

*General and administrative.* General and administrative costs decreased by \$6.5 million during the three months ended September 30, 2020, as compared to the three months ended September 30, 2019 primarily as a result of lower headcount and other cost reductions.

*Depletion, depreciation and amortization.* Depletion, depreciation and amortization decreased \$35.4 million during the three months ended September 30, 2020, as compared with the three months ended September 30, 2019 primarily as a result of increased reserves recorded in the fourth quarter of 2019, a lower cost basis in the U.S. Gulf of Mexico associated with an impairment recorded in the first quarter of 2020, and lower sales volumes during the current period in the U.S. Gulf of Mexico due to the impact of hurricanes and facilities downtime.

*Interest and other financing costs, net.* Interest and other financing costs, net decreased \$3.7 million primarily a result of lower interest rates during the current period.

*Derivatives, net.* During the three months ended September 30, 2020 and 2019, we recorded a loss of \$1.2 million and a gain of \$27.0 million, respectively, on our outstanding hedge positions. The amounts recorded were a result of changes in the forward oil price curve during the respective periods.

*Income tax expense (benefit).* For the three months ended September 30, 2020, our overall effective tax rate was primarily impacted by a valuation allowance against our U.S. tax losses for the current period, by the 35% statutory tax rates applicable to our Ghanaian and Equatorial Guinean operations, and other losses and expenses, primarily related to exploration operations in tax-exempt jurisdictions or in taxable jurisdictions where we have valuation allowances against our deferred tax assets, and therefore, we do not realize any tax benefit on such losses or expenses.

For the three months ended September 30, 2019, our overall effective tax rate was impacted by the 35% statutory tax rates applicable to our Ghanaian and Equatorial Guinean operations, non-deductible and non-taxable items associated with our U.S., Ghanaian and Equatorial Guinean operations, and other losses and expenses, primarily related to exploration operations in tax-exempt jurisdictions or in taxable jurisdictions where we have valuation allowances against our deferred tax assets, and therefore, we do not realize any tax benefit on such losses or expenses.

*Nine months ended September 30, 2020 compared to nine months ended September 30, 2019*

	Nine Months Ended September 30,		Increase (Decrease)
	2020	2019	
(In thousands)			
Revenues and other income:			
Oil and gas revenue	\$ 529,880	\$ 1,049,759	\$ (519,879)
Other income, net	2	(65)	67
Total revenues and other income	529,882	1,049,694	(519,812)
Costs and expenses:			
Oil and gas production	234,627	266,316	(31,689)
Facilities insurance modifications, net	10,555	(5,174)	15,729
Exploration expenses	74,293	83,022	(8,729)
General and administrative	57,366	88,703	(31,337)
Depletion, depreciation and amortization	326,390	416,186	(89,796)
Impairment of long-lived assets	150,820	—	150,820
Interest and other financing costs, net	83,177	125,565	(42,388)
Derivatives, net	(34,776)	35,884	(70,660)
Other expenses, net	27,962	11,798	16,164
Total costs and expenses	930,414	1,022,300	(91,886)
Income (loss) before income taxes	(400,532)	27,394	(427,926)
Income tax expense	19,010	47,398	(28,388)
Net income (loss)	<u>\$ (419,542)</u>	<u>\$ (20,004)</u>	<u>\$ (399,538)</u>

*Oil and gas revenue.* Oil and gas revenue decreased by \$519.9 million as a result of lower production across our assets and lower oil prices stemming from the excess market supplies related to the COVID-19 pandemic. We sold 15,560 MBoe at an average realized price per barrel equivalent of \$34.05 during the nine months ended September 30, 2020 and 17,408 MBoe at an average realized price per barrel equivalent of \$60.30 during the nine months ended September 30, 2019.

*Oil and gas production.* Oil and gas production costs decreased by \$31.7 million during the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019 as a result of lower workover costs in the current period and other cost reductions.

*Facilities insurance modifications, net.* During the nine months ended September 30, 2020, we incurred \$10.6 million of facilities insurance modifications costs associated with the long-term solution to the Jubilee turret bearing issue versus \$34.8 million during the nine months ended September 30, 2019. During the nine months ended September 30, 2020 and 2019, these costs were offset by zero and \$40.0 million, respectively, of hull and machinery insurance proceeds.

*General and administrative.* General and administrative costs decreased by \$31.3 million during the nine months ended September 30, 2020, as compared with the nine months ended September 30, 2019 primarily as a result of lower headcount and other cost reductions.

*Depletion, depreciation and amortization.* Depletion, depreciation and amortization decreased \$89.8 million during the nine months ended September 30, 2020, as compared with the nine months ended September 30, 2019 primarily as a result of increased reserves recorded in the fourth quarter of 2019, a lower cost basis in the U.S. Gulf of Mexico associated with an impairment recorded in the first quarter of 2020 and lower sales volumes during the current period.

*Impairment of long-lived assets.* As a result of the impact of COVID-19 on the demand for oil and the related significant decrease in oil prices, we recorded asset impairments totaling \$150.8 million during the nine months ended September 30, 2020 for oil and gas proved properties in the U.S. Gulf of Mexico.

*Interest and other financing costs, net.* Interest and other financing costs, net decreased \$42.4 million primarily a result of the \$24.8 million loss on extinguishment of debt primarily associated with the refinancing of our senior notes recorded

during the second quarter of 2019 and lower interest rates during the nine months ended September 30, 2020, as compared to the nine months ended September 30, 2019.

*Derivatives, net.* During the nine months ended September 30, 2020 and 2019, we recorded a gain of \$34.8 million and a loss of \$35.9 million, respectively, on our outstanding hedge positions. The losses recorded were a result of changes in the forward curve of oil prices during the respective periods.

*Other expenses, net.* Other expenses, net increased \$16.2 million primarily related to \$13.3 million in restructuring charges for employee severance and related benefit costs.

*Income tax expense (benefit).* For the nine months ended September 30, 2020, our overall effective tax rate was impacted by increases to our valuation allowance associated with previously recognized U.S. deferred tax assets and by a valuation allowance against to our U.S. tax losses for the current period, by the 35% statutory tax rates applicable to our Ghanaian and Equatorial Guinean operations, and other losses and expenses, primarily related to exploration operations in tax-exempt jurisdictions or in taxable jurisdictions where we have valuation allowances against our deferred tax assets, and therefore, we do not realize any tax benefit on such losses or expenses.

For the nine months ended September 30, 2019, our overall effective tax rate was impacted by the 35% statutory tax rates applicable to our Ghanaian and Equatorial Guinean operations by non-deductible and non-taxable items associated with our U.S., Ghanaian and Equatorial Guinean operations, and other losses and expenses, primarily related to exploration operations in tax-exempt jurisdictions or in taxable jurisdictions where we have valuation allowances against our deferred tax assets, and therefore, we do not realize any tax benefit on such losses or expenses.

## **Liquidity and Capital Resources**

We are actively engaged in an ongoing process of anticipating and meeting our funding requirements related to our strategy as a full-cycle exploration and production company. We have historically met our funding requirements through cash flows generated from our operating activities and obtained additional funding from issuances of equity and debt, as well as partner carries.

Current oil prices are volatile and could negatively impact our ability to generate sufficient operating cash flows to meet our funding requirements. This volatility could result in wide fluctuations in future oil prices, which could impact our ability to comply with our financial covenants. To partially mitigate this price volatility, we maintain an active hedging program and review our capital spending program on a regular basis. Our investment decisions are based on longer-term commodity prices based on the nature of our projects and development plans. Also, BP has agreed to partially carry our exploration, appraisal and development program in Mauritania and Senegal up to a contractually agreed cap. Current commodity prices, combined with our hedging program, partner carries and our current liquidity position support our remaining capital program for 2020.



*Sources and Uses of Cash*

The following table presents the sources and uses of our cash and cash equivalents and restricted cash for the nine months ended September 30, 2020 and 2019:

	Nine Months Ended September 30,	
	2020	2019
(In thousands)		
<b>Sources of cash, cash equivalents and restricted cash:</b>		
Net cash provided by operating activities	\$ 20,657	\$ 400,276
Net proceeds from issuance of senior notes	—	641,875
Borrowings under long-term debt	300,000	175,000
Advances under production prepayment agreement	50,000	—
Proceeds on sale of assets	1,713	—
	<u>372,370</u>	<u>1,217,151</u>
<b>Uses of cash, cash equivalents and restricted cash:</b>		
Oil and gas assets	215,425	240,642
Other property	1,838	8,291
Notes receivable from partners	53,574	19,565
Payments on long-term debt	—	325,000
Redemption of senior secured notes	—	535,338
Purchase of treasury stock	4,947	1,983
Dividends	19,174	54,447
Deferred financing costs	4,570	2,443
	<u>299,528</u>	<u>1,187,709</u>
Increase in cash, cash equivalents and restricted cash	<u>\$ 72,842</u>	<u>\$ 29,442</u>

**Net cash provided by operating activities.** Net cash provided by operating activities for the nine months ended September 30, 2020 was \$20.7 million compared with net cash provided by operating activities for the nine months ended September 30, 2019 of \$400.3 million. The decrease in cash provided by operating activities in the nine months ended September 30, 2020 when compared to the same period in 2019 is primarily a result of lower production across our assets and lower oil prices stemming from the excess market supplies related to the COVID-19 pandemic.

The following table presents our net debt and liquidity as of September 30, 2020:

	September 30, 2020 (In thousands)
Cash and cash equivalents	\$ 300,819
Restricted cash	1,369
Senior Notes at par	650,000
Borrowings under the Facility(1)	1,450,000
Borrowings under the Corporate Revolver	100,000
Borrowings under the GoM Term Loan	200,000
Net debt	\$ 2,097,812
Availability under the Facility(1)	\$ 50,000
Availability under the Corporate Revolver	\$ 300,000
Available borrowings plus cash and cash equivalents	\$ 650,819

(1) As a result of the Facility redetermination in October 2020 which lowered the borrowing base to approximately \$1.32 billion and after repayments totaling \$130 million during the fourth quarter of 2020, the availability under the Facility will be zero.

### *Capital Expenditures and Investments*

We have relied on a number of assumptions in budgeting for our future activities. These include the number of wells we plan to drill, our participating, paying and carried interests in our prospects including disproportionate payment amounts, the costs involved in developing or participating in the development of a prospect, the timing of third-party projects, the availability of suitable equipment and qualified personnel and our cash flows from operations. We also evaluate potential corporate and asset acquisition opportunities to support and expand our asset portfolio which may impact our budget assumptions. These assumptions are inherently subject to significant business, political, economic, regulatory, health, environmental and competitive uncertainties, contingencies and risks, all of which are difficult to predict and many of which are beyond our control. We may need to raise additional funds more quickly if market conditions deteriorate, or one or more of our assumptions proves to be incorrect, or if we choose to expand our acquisition, exploration, appraisal, development efforts or any other activity more rapidly than we presently anticipate. We may decide to raise additional funds before we need them if the conditions for raising capital are favorable. We may seek to sell assets, equity or debt securities or obtain additional bank credit facilities. The sale of equity securities could result in dilution to our shareholders. The incurrence of additional indebtedness could result in increased fixed obligations and additional covenants that could restrict our operations.

In response to current economic conditions including the volatility in oil price and the COVID-19 pandemic, we reduced our base business 2020 capital program (which excludes Mauritania and Senegal) in April 2020 to approximately \$200 - \$225 million. We identified capital reductions from discretionary expenditures related to exploration activities in the U.S. Gulf of Mexico, our basin-opening exploration portfolio and other non-critical work that does not impact safety and asset integrity. Post the transaction with Shell, with the proceeds offsetting capital expenditures and acceleration of certain U.S. Gulf of Mexico activity, we currently estimate that we will spend approximately \$140 - \$150 million of capital expenditures on our base business for the year ending December 31, 2020. Through September 30, 2020, we have spent approximately \$198 million related to the base business.

In Mauritania and Senegal, we have incurred approximately \$52 million of non-cash capital expenditures through September 30, 2020.

### *Significant Sources of Capital*

#### *Facility*

The Facility supports our oil and gas exploration, appraisal and development programs and corporate activities. As of September 30, 2020, borrowings under the Facility totaled \$1.45 billion and the undrawn availability under the facility was

\$0.05 billion. In April 2020, following the lenders' annual redetermination, the available borrowing base and Facility size were both reduced from \$1.6 billion to approximately \$1.5 billion. In addition, as part of the April 2020 redetermination process, the Company agreed to conduct an additional redetermination in September 2020. In October 2020, as a result of the September redetermination, the available borrowing base was reduced to approximately \$1.32 billion and the Company expects to make repayments totaling \$130 million during the fourth quarter of 2020. Additionally, the Company agreed to conduct semi-annual redeterminations every March and September, beginning with March 2021. When our net leverage ratio exceeds 2.50x, we are required under the Facility to maintain a restricted cash balance that is sufficient to meet the payment of interest and fees for the next six-month period on the 7.125% Senior Notes plus the Corporate Revolver or the Facility, whichever is greater. As of September 30, 2020, we exceeded this ratio and expect to restrict approximately \$28.5 million to meet our requirements during the fourth quarter of 2020.

The Facility provides a revolving credit and letter of credit facility. The availability period for the revolving credit facility expires one month prior to the final maturity date. The letter of credit facility expires on the final maturity date. The available facility amount is subject to borrowing base constraints and, beginning on March 31, 2022, outstanding borrowings will be constrained by an amortization schedule. The Facility has a final maturity date of March 31, 2025. As of September 30, 2020, we had no letters of credit issued under the Facility.

As result of the impact of COVID-19 on the demand for oil and the related significant decrease in oil prices, our ability to comply with one of our financial covenants, the debt cover ratio, may be impacted in future periods. Therefore, in July 2020, we proactively worked with our lender group, prior to any inability to comply with the financial covenants thereunder, to amend the debt cover ratio calculation through December 31, 2021. The amendment makes this covenant less restrictive during the stated period up to a maximum of 4.75x and thereafter gradually returns to the originally agreed upon ratio of 3.5x. We were in compliance with the financial covenants as of the most recent assessment date. The Facility contains customary cross default provisions.

#### *Corporate Revolver*

In August 2018, we amended and restated the Corporate Revolver from a number of financial institutions, maintaining the borrowing capacity at \$400.0 million, extending the maturity date from November 2018 to May 2022 and lowering the margin to 5%. This results in lower commitment fees on the undrawn portion of the total commitments, which is 30% per annum of the respective margin. The Corporate Revolver is available for general corporate purposes and for oil and gas exploration, appraisal and development programs.

As of September 30, 2020, there were \$100.0 million in outstanding borrowings under the Corporate Revolver and the undrawn availability was \$300.0 million. As of September 30, 2020, we have \$4.4 million of net deferred financing costs related to the Corporate Revolver, which will be amortized over its remaining term.

As result of the impact of COVID-19 on the demand for oil and the related significant decrease in oil prices, our ability to comply with one of our financial covenants, the debt cover ratio, may be impacted in future periods. Therefore, in July 2020, we proactively worked with our lender group, prior to any inability to comply with the financial covenants thereunder, to amend the debt cover ratio calculation through December 31, 2021. The amendment makes this covenant less restrictive during the stated period up to a maximum of 4.75x and thereafter gradually returns to the originally agreed upon ratio of 3.5x. We were in compliance with the financial covenants as of the most recent assessment date. The Corporate Revolver contains customary cross default provisions.

#### *Letters of Credit*

In 2019, we issued two letters of credit totaling \$20.4 million under a new letter of credit arrangement, which does not currently require cash collateral. In October 2020, as a result of the Shell farm down transaction discussed in Note 3 — Acquisitions and Divestitures, the letter of credit requirement associated with Block 11 offshore Sao Tome and Principe totaling \$3.4 million will no longer be required. With the approval of the one year extension to the current exploration phase for Block 5 offshore Sao Tome and Principe received during the third quarter of 2020, which also eliminated the exploration well commitment from the current phase of Block 5, we also expect the letter of credit associated with Block 5 totaling \$17 million to be fully released during the fourth quarter of 2020.

#### *7.125% Senior Notes due 2026*

In April 2019, the Company issued \$650.0 million of 7.125% Senior Notes and received net proceeds of approximately \$640.0 million after deducting fees and other expenses. We used the net proceeds to redeem all of the Senior

Secured Notes, repay a portion of the outstanding indebtedness under the Corporate Revolver and pay fees and expenses related to the redemption, repayment and the issuance of the Senior Notes.

The Senior Notes mature on April 4, 2026. Interest is payable in arrears each April 4 and October 4, commencing on October 4, 2019. The Senior Notes are senior, unsecured obligations of Kosmos Energy Ltd. and rank equal in right of payment with all of its existing and future senior indebtedness (including all borrowings under the Corporate Revolver) and rank effectively junior in right of payment to all of its existing and future secured indebtedness (including all borrowings under the Facility). The Senior Notes are guaranteed on a senior, unsecured basis by certain subsidiaries owning the Company's Gulf of Mexico assets, and on a subordinated, unsecured basis by certain subsidiaries that guarantee the Facility. We were in compliance with the financial covenants contained in the Senior Notes as of September 30, 2020. The Senior Notes contain customary cross default provisions.

#### *GoM Term Loan*

In September 2020, the Company entered into a five-year \$200 million senior secured term-loan credit agreement secured against the Company's U.S. Gulf of Mexico assets with net proceeds received of \$197.7 million after deducting fees and other expenses. The GoM Term Loan also includes an accordion feature providing for incremental commitments of up to \$100 million subject to certain conditions. The net proceeds will be used to pay down a portion of the Facility and to fund U.S. Gulf of Mexico working capital and general operating expenses. The \$50 million advanced under the Production Prepayment Agreement with Trafigura in the second quarter of 2020 has been extinguished and converted as part of the GoM Term Loan with the remaining \$150 million provided by Beal Bank. The GoM Term Loan bears interest at an effective rate of approximately 6% per annum and matures in 2025, with principal repayments beginning in the fourth quarter of 2021.

The GoM Term Loan contains customary affirmative and negative covenants, including covenants that affect our ability to incur additional indebtedness, create liens, merge, dispose of assets, and make distributions, dividends, investments or capital expenditures, among other things.

The GoM Term Loan includes certain representations and warranties, indemnities and events of default that, subject to certain materiality thresholds and grace periods, arise as a result of a payment default, failure to comply with covenants, material inaccuracy of representation or warranty, and certain bankruptcy or insolvency proceedings. If there is an event of default, all or any portion of the outstanding indebtedness may be immediately due and payable and other rights may be exercised including against the collateral.

#### *Production Prepayment Agreement, net*

In June 2020, the Company received \$50 million from Trafigura under a Production Prepayment Agreement of crude oil sales related to a portion of our U.S. Gulf of Mexico production primarily in 2022 and 2023. As discussed in Note 8 — Debt, the Company has terminated the Production Prepayment Agreement and the initial prepayment of \$50 million advanced under the Production Prepayment Agreement by Trafigura in the second quarter of 2020 has been extinguished and converted into the GoM Term Loan as of September 30, 2020.

### **Contractual Obligations**

The following table summarizes by period the payments due for our estimated contractual obligations as of September 30, 2020:

	Payments Due By Year(4)						
	Total	2020(5)	2021	2022	2023	2024	Thereafter
	(In thousands)						
Principal debt repayments(1)	\$ 2,400,000	\$ 130,244	\$ 73,333	\$ 312,494	\$ 458,571	\$ 458,572	\$ 966,786
Interest payments on long-term debt(2)	504,451	41,279	114,595	107,613	90,273	73,941	76,750
Operating leases(3)	33,421	1,039	4,199	4,262	4,326	3,489	16,106

(1) Includes the scheduled principal maturities for the \$650.0 million aggregate principal amount of Senior Notes and borrowings under the Facility, Corporate Revolver and the GoM Term Loan. The scheduled maturities of debt related to the Facility are based on, as of September 30, 2020, our level of borrowings and our estimated future available borrowing base commitment levels in future

periods. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter.

- (2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves or benchmark rate at the reporting date and commitment fees related to the Facility and Corporate Revolver and the interest on the Senior Notes.
- (3) Primarily relates to corporate office and foreign office leases.
- (4) Does not include purchase commitments for jointly owned fields and facilities where we are not the operator and excludes commitments for exploration activities, including well commitments and seismic obligations, in our petroleum contracts. The Company's liabilities for asset retirement obligations associated with the dismantlement, abandonment and restoration costs of oil and gas properties are not included. See Note 16 — Additional Financial Information for additional information regarding these liabilities.
- (5) Represents the period from October 1, 2020 through December 31, 2020. As a result of the Facility redetermination in October 2020, the borrowing base was lowered to \$1.32 billion and the Company expects to make repayments totaling \$130 million during the fourth quarter of 2020.

We currently have a commitment to drill one exploration well in Namibia and two exploration wells in Mauritania. In Sao Tome and Principe, we also have 3D seismic acquisition requirements of approximately 8,800 square kilometers, and in Mauritania we have 100 line km requirement for controlled source electromagnetic data acquisition. In South Africa we have 2D seismic acquisition requirements of approximately 500 line kilometers.

Upon closing of the Shell farm down transaction discussed in Note 3 — Acquisitions and Divestitures expected in the fourth quarter of 2020, the well and seismic commitments associated with the divested Sao Tome and Principe, Namibia and South Africa blocks will transfer to Shell.

The following table presents maturities by expected maturity dates, the weighted average interest rates expected to be paid on the Facility, Corporate Revolver and GoM Term Loan given current contractual terms and market conditions, and the instrument's estimated fair value. Weighted-average interest rates are based on implied forward rates in the yield curve at the reporting date. This table does not include amortization of deferred financing costs.

	Years Ending December 31,						Asset (Liability) Fair Value at September 30, 2020
	2020(3)	2021	2022	2023	2024	Thereafter	
(In thousands, except percentages)							
<b>Fixed rate debt:</b>							
Senior Secured Notes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 650,000	\$ (569,088)
Fixed interest rate	7.13 %	7.13 %	7.13 %	7.13 %	7.13 %	7.13 %	
<b>Variable rate debt:</b>							
Facility(1)	\$ 130,244	\$ 65,833	\$ 182,494	\$ 428,571	\$ 428,572	\$ 214,286	\$ (1,450,000)
Corporate Revolver	—	—	100,000	—	—	—	(100,000)
GoM Term Loan	—	7,500	30,000	30,000	30,000	102,500	(200,000)
Weighted average interest rate(2)	3.94 %	3.71 %	4.10 %	4.30 %	4.94 %	5.41 %	

- (1) The amounts included in the table represent principal maturities only. The scheduled maturities of debt are based on the level of borrowings and the available borrowing base as of September 30, 2020. Any increases or decreases in the level of borrowings or increases or decreases in the available borrowing base would impact the scheduled maturities of debt during the next five years and thereafter.
- (2) Based on outstanding borrowings as noted in (1) above and the LIBOR yield curves or benchmark rate plus applicable margin at the reporting date. Excludes commitment fees related to the Facility and Corporate Revolver.
- (3) Represents the period October 1, 2020 through December 31, 2020. As a result of the Facility redetermination in October 2020, the borrowing base was lowered to \$1.32 billion and the Company expects to make repayments totaling \$130 million during the fourth quarter of 2020.

## Off-Balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that can give rise to material off-balance sheet obligations. As of September 30, 2020, our off-balance sheet arrangements and transactions include short-term operating leases and undrawn letters of credit. There are no other transactions, arrangements, or other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect Kosmos' liquidity or availability of or requirements for capital resources.

## Critical Accounting Policies

We consider accounting policies related to our revenue recognition, exploration and development costs, receivables, income taxes, derivative instruments and hedging activities, estimates of proved oil and natural gas reserves, asset retirement obligations, leases and impairment of long-lived assets as critical accounting policies. The policies include significant estimates made by management using information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used. Other than items discussed in Note 2 — Accounting Policies, there have been no changes to our critical accounting policies which are summarized in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” section in our annual report on Form 10-K, for the year ended December 31, 2019.

## Cautionary Note Regarding Forward-looking Statements

This quarterly report on Form 10-Q contains estimates and forward-looking statements, principally in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our estimates and forward-looking statements are mainly based on our current expectations and estimates of future events and trends, which affect or may affect our businesses and operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several risks and uncertainties and are made in light of information currently available to us. Many important factors, in addition to the factors described in our quarterly report on Form 10-Q and our annual report on Form 10-K, may adversely affect our results as indicated in forward-looking statements. You should read this quarterly report on Form 10-Q, the annual report on Form 10-K and the documents that we have filed with the Securities and Exchange Commission completely and with the understanding that our actual future results may be materially different from what we expect. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- the impact of the COVID-19 pandemic on the Company and the overall business environment;
- our ability to find, acquire or gain access to other discoveries and prospects and to successfully develop and produce from our current discoveries and prospects;
- uncertainties inherent in making estimates of our oil and natural gas data;
- the successful implementation of our and our block partners' prospect discovery and development and drilling plans;
- projected and targeted capital expenditures and other costs, commitments and revenues;
- termination of or intervention in concessions, rights or authorizations granted to us by the governments of the countries in which we operate (or their respective national oil companies) or any other federal, state or local governments or authorities;
- our dependence on our key management personnel and our ability to attract and retain qualified technical personnel;
- the ability to obtain financing and to comply with the terms under which such financing may be available;
- the volatility of oil, natural gas and NGL prices;
- the availability, cost, function and reliability of developing appropriate infrastructure around and transportation to our discoveries and prospects;
- the availability and cost of drilling rigs, production equipment, supplies, personnel and oilfield services;
- other competitive pressures;
- potential liabilities inherent in oil and natural gas operations, including drilling and production risks and other operational and environmental risks and hazards;
- current and future government regulation of the oil and gas industry or regulation of the investment in or ability to do business with certain countries or regimes;
- cost of compliance with laws and regulations;
- changes in environmental, health and safety or climate change or greenhouse gas (“GHG”) laws and regulations or the implementation, or interpretation, of those laws and regulations;
- adverse effects of sovereign boundary disputes in the jurisdictions in which we operate;
- environmental liabilities;

- geological, geophysical and other technical and operations problems, including drilling and oil and gas production and processing;
- military operations, civil unrest, outbreaks of disease, terrorist acts, wars or embargoes;
- the cost and availability of adequate insurance coverage and whether such coverage is enough to sufficiently mitigate potential losses and whether our insurers comply with their obligations under our coverage agreements;
- our vulnerability to severe weather events, including tropical storms and hurricanes in the Gulf of Mexico;
- our ability to meet our obligations under the agreements governing our indebtedness;
- the availability and cost of financing and refinancing our indebtedness;
- the amount of collateral required to be posted from time to time in our hedging transactions, letters of credit, performance bonds and other secured debt;
- the result of any legal proceedings, arbitrations, or investigations we may be subject to or involved in;
- our success in risk management activities, including the use of derivative financial instruments to hedge commodity and interest rate risks; and
- other risk factors discussed in the “Item 1A. Risk Factors” section of our quarterly reports on Form 10-Q and our annual report on Form 10-K.

The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “plan” and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and, except to the extent required by law, we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. As a result of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this quarterly report on Form 10-Q might not occur, and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, including, but not limited to, the factors mentioned above. Because of these uncertainties, you should not place undue reliance on these forward-looking statements.

### Item 3. Qualitative and Quantitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term “market risks” as it relates to our currently anticipated transactions refers to the risk of loss arising from changes in commodity prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage ongoing market risk exposures. We enter into market-risk sensitive instruments for purposes other than to speculate.

We manage market and counterparty credit risk in accordance with our policies. In accordance with these policies and guidelines, our management determines the appropriate timing and extent of derivative transactions. See “Item 8. Financial Statements and Supplementary Data — Note 2 — Accounting Policies, Note 10 — Derivative Financial Instruments and Note 11 — Fair Value Measurements” section of our annual report on Form 10-K for a description of the accounting procedures we follow relative to our derivative financial instruments.

The following table reconciles the changes that occurred in fair values of our open derivative contracts during the nine months ended September 30, 2020:

	<b>Derivative Contracts Assets (Liabilities)</b>	
	<b>Commodities</b>	
	<b>(In thousands)</b>	
Fair value of contracts outstanding as of December 31, 2019	\$	(8,521)
Changes in contract fair value		32,156
Contract maturities		(16,904)
Fair value of contracts outstanding as of September 30, 2020	\$	<u>6,731</u>

## Commodity Price Risk

The Company's revenues, earnings, cash flows, capital investments and, ultimately, future rate of growth are highly dependent on the prices we receive for our crude oil, which have historically been very volatile. Substantially all of our oil sales are indexed against Dated Brent, and Heavy Louisiana Sweet. Oil prices in the first nine months of 2020 ranged between \$13.24 and \$69.96 per Bbl for Dated Brent, with Heavy Louisiana Sweet experiencing similar volatility during the first nine months of 2020.

## Commodity Derivative Instruments

We enter into various oil derivative contracts to mitigate our exposure to commodity price risk associated with anticipated future oil production. These contracts currently consist of collars, put options, call options and swaps. In regards to our obligations under our various commodity derivative instruments, if our production does not exceed our existing hedged positions, our exposure to our commodity derivative instruments would increase.

## Commodity Price Sensitivity

The following table provides information about our oil derivative financial instruments that were sensitive to changes in oil prices as of September 30, 2020. Volumes and weighted average prices are net of any offsetting derivatives entered into.

Term	Type of Contract	Index	MBbl	Weighted Average Price per Bbl						Asset (Liability) Fair Value at September 30, 2020(3)	
				Net Deferred Premium Payable/ (Receivable)	Swap	Sold Put	Floor	Ceiling	Purchased Call		
2020:											
Oct — Dec	Swaps	Dated Brent	2,637	\$ —	\$ 42.67	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,700
Oct — Dec	Swaps	Argus LLS	1,500	—	29.98	—	—	—	—	—	(17,431)
Oct — Dec	Call spreads	NYMEX WTI	(1)	1.20	—	—	—	45.00	35.00	—	2,136
Oct — Dec	Swaps with sold puts	Dated Brent	167	—	35.00	25.00	—	—	—	—	(1,120)
Oct — Dec	Three-way collars	Dated Brent	500	—	—	25.00	32.50	40.00	—	—	(1,370)
Oct — Dec	Sold calls(2)	Dated Brent	2,375	(0.19)	—	—	—	80.83	—	—	457
2021:											
Jan — Dec	Swaps with sold puts	Dated Brent	6,000	\$ —	\$ 53.96	\$ 42.92	\$ —	\$ —	\$ —	\$ —	\$ 27,145
Jan — Dec	Three-way collars	Dated Brent	2,000	0.50	—	30.00	40.00	55.20	—	—	604
Jan — Dec	Sold calls(2)	Dated Brent	7,000	—	—	—	—	70.09	—	—	(2,458)
2022:											
Jan — Dec	Sold calls(2)	Dated Brent	1,581	\$ —	\$ —	\$ —	\$ —	\$ 60.00	\$ —	\$ —	(3,932)

(1) Added call spreads on 0.5 million barrels to open upside for U.S. Gulf of Mexico production.

(2) Represents call option contracts sold to counterparties to enhance other derivative positions.

(3) Fair values are based on the average forward oil prices on September 30, 2020.

In April 2020, we restructured the majority of our May 2020 through December 2020 derivative contracts, whereby we converted the existing hedges into 7.0 MMBbls of Dated Brent swap contracts with an average fixed price of \$42.67 per barrel. In November 2020, we entered into Dated Brent three-way collar contracts for 1.0 MMBbl from January 2021 through December 2021 with a sold put price of \$32.50 per barrel, a floor price of \$40.00 per barrel and a ceiling price of \$50.00 per barrel.

At September 30, 2020, our open commodity derivative instruments were in a net asset position of \$6.7 million. Future fluctuations in oil prices could have a material impact on the valuation of our derivative financial instruments. As of September 30, 2020, a hypothetical 10% price increase in the commodity futures price curves would decrease future pre-tax earnings by approximately \$46.6 million. Similarly, a hypothetical 10% price decrease would increase future pre-tax earnings by approximately \$38.2 million.



## **Interest Rate Sensitivity**

Changes in market interest rates affect the amount of interest we pay on certain of our borrowings. Outstanding borrowings under the Facility, Corporate Revolver and GoM Term Loan, which as of September 30, 2020 total \$1.75 billion and have a weighted average interest rate of 3.9%, are subject to variable interest rates which expose us to the risk of earnings or cash flow loss due to potential increases in market interest rates. If the floating market rate increased 10% at this level of floating rate debt, we would pay an estimated additional \$0.2 million interest expense per year. The commitment fees on the undrawn availability under the Facility and the Corporate Revolver are not subject to changes in interest rates. All of our other long-term indebtedness is fixed rate and does not expose us to the risk of cash flow loss due to changes in market interest rates. Additionally, a change in the market interest rates could impact interest costs associated with future debt issuances or any future borrowings.

## **Item 4. Controls and Procedures**

### *Evaluation of Disclosure Controls and Procedures*

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was performed under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer. This evaluation considered the various processes carried out under the direction of our disclosure committee in an effort to ensure that information required to be disclosed in the SEC reports we file or submit under the Exchange Act is accurate, complete and timely. However, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Consequently, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2020, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, including that such information is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

### *Evaluation of Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

There have been no material changes from the information concerning legal proceedings discussed in the "Item 3. Legal Proceedings" section of our annual report on Form 10-K.

### **Item 1A. Risk Factors**

There have been no material changes from the risks discussed in the "Item 1A. Risk Factors" section of our annual report on Form 10-K for the year ended December 31, 2019 and in the "Item 1A. Risk Factors" section of our quarterly report on form 10-Q for the quarter ended March 31, 2020.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information.**

There have been no material changes required to be reported under this Item that have not previously been disclosed in the annual report on Form 10-K.

**Item 6. Exhibits**

The information required by this Item 6 is set forth in the Index to Exhibits accompanying this quarterly report on Form 10-Q.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Kosmos Energy Ltd. (Registrant)
Date	<u>November 9, 2020</u>	<u>/s/ NEAL D. SHAH</u> Neal D. Shah Senior Vice President and Chief Financial Officer (Principal Financial Officer)

**INDEX OF EXHIBITS**

<b>Exhibit Number</b>	<b>Description of Document</b>
10.1†	<a href="#">Asset Sale Agreement related to Blocks 3013 and 3113 (North Cape Ultra Deep) offshore South Africa, dated September 8, 2020, between Shell Offshore Upstream South Africa B.V. and Kosmos Energy South Africa Limited.</a>
10.2†	<a href="#">Share Sale and Purchase Agreement related to the sale and purchase of shares of KE Namibia Company, KE STP Company, and KE Suriname Company, dated September 8, 2020, between Kosmos Energy Operating, Kosmos Energy Holdings and B.V. Dordtsche Petroleum Maatschappij.</a>
10.3†	<a href="#">Portfolio Agreement, dated September 8, 2020, between Kosmos Energy Operating and B.V. Dordtsche Petroleum Maatschappij.</a>
10.4	<a href="#">Parent Guarantee Agreement, dated September 30, 2020, between Kosmos Energy Ltd. and CLMG CORP. related to the Senior Secured Term Loan Credit Agreement, dated September 30, 2020, among Kosmos Energy Ltd., Kosmos Energy GoM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC and CLMG CORP.</a>
10.5†	<a href="#">Senior Secured Term Loan Credit Agreement, dated September 30, 2020, among Kosmos Energy Ltd., Kosmos Energy GoM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the Other Guarantors named therein, the Initial Lenders named therein and CLMG CORP, as Term Loan Collateral Agent and Administrative Agent.</a>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

---

† Certain confidential portions of this Exhibit have been omitted pursuant to Item 601(b) of Regulation S-K because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

\*\*\* INDICATES CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT THAT HAVE BEEN OMITTED PURSUANT TO ITEM 601(B) OF REGULATION S-K BECAUSE THE IDENTIFIED CONFIDENTIAL PORTIONS (I) ARE NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

**ASSET SALE AGREEMENT**

**BETWEEN**

**SHELL OFFSHORE UPSTREAM SOUTH AFRICA B.V.**

**AND**

**KOSMOS ENERGY SOUTH AFRICA LIMITED**

**Offshore South Africa**

**Northern Cape Ultra Deep**

**Blocks 3013 and 3113**

**08 September 2020**

\*\*\* INDICATES CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT THAT HAVE BEEN OMITTED PURSUANT TO ITEM 601(B) OF REGULATION S-K BECAUSE THE IDENTIFIED CONFIDENTIAL PORTIONS (I) ARE NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

### **ASSET SALE AGREEMENT**

**THIS AGREEMENT** is entered into and becomes effective on the 8th day of September, 2020 by and between and Kosmos Energy South Africa Limited, a company existing under the laws of England and Wales (hereinafter referred to as “**Seller**”) and **Shell Offshore Upstream South Africa B.V.**, a company existing under the laws of The Netherlands with a branch in South Africa (hereinafter referred to as “**Buyer**”). The companies named above, and their respective successors and assigns (if any), may sometimes individually be referred to as “**Party**” and collectively as “**Parties**”.

**WHEREAS**, pursuant to a farm out agreement dated 21 December 2018 (the “**2018 FOA**”) Seller and Buyer each acquired a forty five percent (45%) Participating Interest (as defined below) from OK Energy Limited, which holds the remaining ten percent (10%) Participating Interest, in the Northern Cape Ultra Deep (“**NCUD**”) Petroleum Exploration Licenses to Blocks 3013 and 3133 located offshore South Africa, granted under the Mineral and Petroleum Resources Development Act, 2002 (the “**Exploration Right**”);

**WHEREAS**, as of the date of this Agreement, Seller, Buyer and OK Energy are parties to the Joint Operating Agreement originally dated 27 September 2019 (the “**JOA**”);

**WHEREAS**, on 08 September 2020, Kosmos Energy Operating (“**Kosmos**”), an Affiliate of Seller, and B.V. Nordtsche Petroleum Maatschappij (“**Shell**”), an Affiliate of Buyer, entered into the Portfolio Agreement concerning the sale of the shares of certain Kosmos Affiliates and Kosmos interests in the Republic of Namibia, Democratic Republic of Sao Tome and Principe, the Republic of South Africa and the Republic of Suriname (the “**Portfolio Agreement**”);

**WHEREAS**, Seller is willing to transfer its forty five percent (45%) Participating Interest to Buyer in accordance with the terms set forth herein and Buyer wishes to acquire such interest.

**NOW THEREFORE**, in consideration of the mutual premises and covenants and obligations set out below and to be performed, the sufficiency of which is acknowledged, the Seller and Buyer agree as follows:

#### **Article 1.**

## DEFINITIONS AND INTERPRETATION

### a. Definitions

As used in this Agreement, the following capitalized words and terms shall have the meaning ascribed to them below. Any capitalized term used in this Agreement and not specifically defined in this Agreement shall have the same meaning as in the Exploration Right or as in the JOA, as the context may so require.

**"2018 FOA"** has the meaning given to it in the preamble of this Agreement and is attached as Exhibit A.

**"Assigned Interest"** has the meaning given in Article 2.1.

**"Affiliate"** means, in relation to a Party, a Person that Controls, is Controlled by, or is Controlled by a Person that Controls, a Party.

**"Agreed Interest Rate"** means the Reference Interest Rate.

**"Agreement"** means this Asset Sale Agreement together with the Exhibits, and any amendment hereof agreed to in writing by the Parties.

**"Applicable Laws and Regulations"** means, in relation to any Person, property or circumstance, all laws, regulations and statutes applicable thereto, including rules, by-laws, ordinances and other statutory instruments enacted pursuant to any law or statute, all judgments, decrees, rulings and orders of courts, tribunals, commissions and other similar bodies of competent jurisdiction; all orders, rules, directives, policies and guidelines having force of law issued by any Government authority; the rules of applicable stock exchanges; and all terms and conditions of any permits; that are in effect as of the relevant time and are applicable to such Person, property or circumstance.

**"Anti-Bribery Laws and Regulations"** has the meaning given in Article 6.3 (b).

**"Benefits"** has the meaning given in Article 2.6 (a).

**"Business Day"** means a day on which the banks of London, United Kingdom are normally open for business, but excluding Saturdays, Sundays and national holidays.

**"Buyer"** has the meaning given in the preamble of this Agreement.

**"Carried Exploration Expenditure"** has the meaning given in Article 4.2.

**"Carried Seismic Costs"** means the Kosmos Carried Seismic Costs as that term is defined in the 2018 FOA.

**“Closing”** means the completion of the Transaction in accordance with the provisions of this Agreement, as set out in Article 2.4.

**“Closing Date”** has the meaning given in Article 2.4(a).

**“Conditions Precedent”** mean, collectively, all of the conditions enumerated in Article 3.1 and “Condition Precedent” means any one of them, as the context may require.

**“Consequential Loss”** means any and all of the following, howsoever caused or arising, whether under common law, equity or contract, by virtue of any fiduciary duty, in tort, delict or deceit (including negligence), as a consequence of breach of any duty (contractual, statutory or otherwise) or under any other legal doctrine or principle whatsoever, irrespective of whether foreseeable at the date of execution of this Agreement and/or whether recoverable in law or equity and/or whether the same arises directly or indirectly:

- (a) loss or damage arising out of reservoir or formation damage, any delay, postponement, interruption to or loss of production, any failure or inability to produce, process, take delivery of, transport or deliver petroleum, or any loss of or anticipated loss of use, profit or revenue;
- (b) any failure, loss, damage, cost and/or expense consequent upon any of the forgoing, including, but not limited to, loss or damage incurred, or liquidated or pre- estimated damages or penalties of any kind whatsoever borne or payable under any contract for the sale, exchange, transportation, processing, storage or other disposal of petroleum;
- (c) any losses associated with business interruption including, but not limited to, (i) the cost of overheads incurred during business interruption, (ii) deferment of revenue or income, (iii) loss of or failure to obtain any contract or other business opportunity or (iv) loss of profit;
- (d) loss of bargain, contract, expectation or opportunity;
- (e) any other indirect or consequential loss under Applicable Law and Regulations; and
- (f) any loss, anticipated loss, damage, cost or expense arising out of any claim, or other suit or action, or resulting from or arising out of any of the foregoing.

**“Contingent Carried Well Costs”** means the Kosmos Contingent Carried Well Costs as that term is defined in the 2018 FOA.

**“Control”** means the power generally to exercise a majority of the voting rights in a Person or to compel the decisions of a Person whether by contract or otherwise, and whether directly or indirectly through one or more Affiliates.



**“Costs”** means all costs, claims, charges, expenses (including legal fees and professional charges), obligations, liabilities and losses of whatever nature, attributable to the Assigned Interest, as appropriate, under the Exploration Right, the JOA or otherwise.

**“Data Room Documents”** means the information and documents made available in an electronic data room prior to the Signing Date, all as listed in the disclosed document index in the Disclosure Schedule.

**“Deed of Assignment”** means the document, substantially in the form attached as Exhibit B.

**“Disclosure Schedule”** means the schedule supplied by Seller to Buyer prior to the execution date of this Agreement on Seller’s letterhead and duly identified as such, setting forth Seller’s disclosure with respect to certain matters under this Agreement.

**“Due Diligence Investigation”** means the due diligence investigation, analysis and evaluation performed by Buyer and/or any of its Affiliates with respect to the Transaction contemplated in this Agreement (including the Exploration Right, Exploration Right Area and the Applicable Laws and Regulations of the Republic of South Africa) on the basis of the Data Room Documents provided by Seller and/or other publicly available information.

**“Effective Date”** means the date of execution of this Agreement.

**“Economic Date”** means the last calendar day of the month of the Effective Date.

**“Encumbrance”** means any and all liens, charges, mortgages, pledges, hypothecations, royalties, net production interests, equitable interests, trusts, rights of set off, assignments by way of security and any other encumbrance, retention of title or security interest whatsoever, and any other agreement or arrangement having the effect of conferring security, howsoever created or arising and whether or not by operation of law.

**“Environment”** means air, water, land, ecological systems and living organisms supported by those media including man.

**“Exploration Right”** means the exploration right with reference number 12/3/274 covering Blocks 3013 and 3113 registered in the Minerals and Petroleum Titles Registration Office in a notarial deed under MPT 01/2019, which Exploration Right Renewal was granted on August 2019.

**“Exploration Right Area”** means the area covered by the Exploration Right as amended from time to time, or as a result of any relinquishment made under the Exploration Right or the Applicable Laws and Regulations.

**“Force Majeure”** means an event beyond the control of the Party claiming to be affected by such event which has not been brought about directly or indirectly at its

own instance or at the instance of an Affiliate and which by the exercise of reasonable diligence the party affected was unable to prevent, provided that Force Majeure is limited to the following:

- (a) act of the public enemy, war (declared or undeclared) blockade, revolution, riot, insurrection, civil commotion, hostility, pandemic; or
- (b) any act, order or demand of any court or any government including any restraint, embargo, lockdown, inability to obtain or delay in obtaining governmental approvals (other than the Government Approval), permits, licenses or allocations, restraint on access to the Exploration Right Area, or termination or suspension of the Exploration Right.

For the avoidance of doubt, a lack of funds shall be deemed not to be a cause beyond the reasonable control of a Party.

**“Fundamental Warranties”** means the following warranties in Article 6.1: (a) (Seller’s Rights) and (b) (Claims and Litigation).

**“Government”** means the government of the Republic of South Africa and any political subdivision, agency or instrumentality thereof, including the Department of Mineral Resources and the Petroleum Agency of South Africa.

**“Government Approval”** means the written approval by the relevant Government authorities of the transfer of the Assigned Interest to Buyer as required under the Exploration Right and Applicable Laws and Regulations.

**“Interim Period”** means the period commencing from, and including, the Effective Date of this Agreement until Closing Date.

**“JOA”** has the meaning given in the preamble of this Agreement.

**“Long Stop Date”** means [\*\*\*] from the Effective Date, or such later date as the Parties may agree in writing.

**“Ministry”** means the Department of Mineral Resources and Energy (DMRE).

**“MPRDA”** means the Mineral and Petroleum Resources Development Act, 2002, as amended.

**“OK Energy”** means OK Energy Limited a company existing under the laws of England and Wales.

**“Other Taxes”** has the meaning given in Article 7.3.

**“Participating Interest”** means as to any holder of the Exploration Right, the undivided interest of such party expressed as a percentage of the total interest of all parties in the rights and obligations derived from the Exploration Right.

**“Reference Interest Rate”** means SOFR published by the Federal Reserve Bank of New York on its website [\*\*\*] percentage points per annum;

**“Relevant Authority”** means any supervisory body, any banking or financial services or other regulatory authority, relevant securities commissions, stock exchange authorities, foreign exchange authorities, foreign investment authorities, competition and anti-trust or economic or trade controls and sanctions authorities or similar entities or authorities, any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority, agency, bureau, board, commission, association, institution, department, court of judicial authority, arbitrator, tribunal or instrumentality thereof in any applicable jurisdiction, including a Tax Authority and, for the avoidance of doubt, the South African Revenue Services.

**“Seller”** has the meaning given in the preamble of this Agreement.

**“SOFR”** means the secured overnight financing rate published by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s website, for the period closest in duration to period of the late payment period.

**“Survival Period”** means a period of [\*\*\*] following the Closing Date.

**“Transaction”** means the assignment of the Assigned Interest from Seller to Buyer under the terms of this Agreement.

**“Upfront Cash Consideration”** means the amounts set out in Article 4.1.

## **b. Interpretation**

- (i) The topical headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any particular Article.
- (ii) Reference to the singular includes a reference to the plural and vice versa.
- (iii) Reference to any gender includes a reference to all other genders.
- (iv) Unless otherwise provided, reference to any Article or an Exhibit means an Article or Exhibit of the Agreement.

- (v) "**Include**" and "**including**" shall mean to be inclusive without limiting the generality of the description preceding such term and are used in an illustrative sense and not a limiting sense.
- (vi) References to "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions are references to this Agreement and not to any particular Article or Exhibit.
- (vii) References to a Party include references to such Party's successors or assigns (immediate or otherwise).
- (viii) Any reference to a statutory provision includes such provision as from time to time modified or re-enacted or consolidated, whether before, on or after the Effective Date.

## **Article 2.**

### **TRANSFER OF ASSIGNED INTEREST**

#### **a. Transfer and Acceptance**

Subject to the terms and conditions set forth in this Agreement, including the satisfaction or waiver of the Conditions Precedent and in exchange for Buyer's obligation to pay the Upfront Cash Consideration and to comply with the further obligations set out in Article 4, at Closing the Seller shall assign, convey and transfer to Buyer and Buyer shall accept, a forty five percent (45%) Participating Interest, free from Encumbrances, and any other asset, right and obligation under all contracts, licenses, agreements, commitments and other legal obligations to which such Participating Interest is bound, but excluding any obligations or liabilities Seller has towards any third party, including but not limited to OK Energy and/or the Government, other than those arising under the Exploration Right, JOA and the Applicable Laws and Regulations (the "**Assigned Interest**").

#### **b. Binding Effect**

Seller and Buyer shall be bound by this Agreement as of the Effective Date and shall fully perform all their respective obligations under this Agreement.

#### **c. Costs and Benefits**

Seller and Buyer agree that, except for the liability to pay the Upfront Cash Consideration pursuant to Article 4.1 and Carried Exploration Expenditure pursuant to Article 4.2 and subject to Closing taking place:

- (i) Seller shall be liable for all Costs in respect of relating to or arising from the Assigned Interest which accrue in or relate to any period before the Economic Date and the Seller shall be entitled to all income, receipts, rebates and any other benefits

(together "**Benefits**") arising out of or relating to the Assigned Interest which accrue in or relate to any period before the Economic Date;

- (ii) Buyer shall be liable for all Costs and entitled to all Benefits in respect of, relating to or arising from the Assigned Interest, which accrue in or relate to any period on and from the Economic Date, in accordance with the JOA and this Agreement; and
- (iii) the Parties shall make whatever adjustments and payments from one to the other as are necessary to reflect such allocation of Costs and Benefits.

**d. Closing**

- (i) Subject to the satisfaction of the Conditions Precedent, the Closing shall be held either: (a) ten (10) Business Days after the satisfaction of the last Condition Precedent, or (b) such other date as the Parties may mutually agree in writing. The date the Closing occurs is referred to herein as the "**Closing Date.**" Closing shall take place by e-mail exchange of pdf-copies of all documents referred to in paragraph (b) below, unless otherwise mutually agreed by the Parties.
- (ii) At Closing Seller shall deliver to Buyer:
  - 1. the Deed of Assignment in the form attached hereto as Exhibit B duly executed by Seller;
  - 2. confirmation of having complied with clause 12.2 of the JOA as applicable;
  - 3. a copy of (a) the Government Approval and (b) the written consent from OK Energy to the transfer of the Assigned Interest;
  - 4. a certified copy of the resolution of the board of directors of Seller approving the transfer and assignment of the Assigned Interest pursuant to this Agreement; and
  - 5. such additional documents, if any, otherwise necessary to effect Closing, as agreed by the Parties.
- (iii) At Closing, Buyer shall deliver to Seller:
  - 1. the Deed of Assignment in the form attached hereto as Exhibit B duly executed by Buyer;
  - 2. a certified copy of the resolution of the board of directors of Buyer approving the acceptance of the Assigned Interest pursuant to this Agreement; and
  - 3. such additional documents if any, as reasonably required and requested in advance by Seller or as otherwise necessary to effect Closing.

- (iv) At Closing the Deed of Assignment shall be completed and the Parties shall execute any other documents and do all such other acts and things as may reasonably be required in order to give effect to the Transaction. Notwithstanding all the preceding, the Parties agree to provide a fully executed version of the Deed of Assignment to the Ministry before the Closing Date, if required by the Ministry in connection with granting the Government Approval.
- (v) If any Party does not comply with its obligations in this Article 2.4 in any respect, then the other Party may, without prejudice to any other remedies that may be available to it under this Agreement, elect to either:
  - 1. defer Closing to a date it nominates, which shall be no more than ten (10) Business Days after the date on which Closing was scheduled to occur (and this provision shall also apply to any such deferred Closing); or
  - 2. effect Closing to the extent practicable.
- (vi) So far as it remains to be performed, this Agreement shall remain in full force and effect notwithstanding Closing.

### Article 3.

#### CONDITIONS PRECEDENT TO TRANSFER AND TERMINATION

##### a. **Conditions Precedent**

The transfer of the Assigned Interest to Buyer as contemplated in this Agreement is subject to the satisfaction of the following conditions (the “**Conditions Precedent**”):

- (i) [\*\*\*]
- (ii) [\*\*\*]
- (iii) [\*\*\*]
- (iv) [\*\*\*]
- (v) [\*\*\*]
- (vi) [\*\*\*]

The Conditions Precedent (b), (c), (d) and (e) can be waived (to the extent these are legally capable of being waived) only by written instrument by Buyer only. All other Conditions Precedent can be waived (to the extent these are legally capable of being waived) only by written instrument by Seller and Buyer jointly.

**b. Acts to be Performed**

- (i) Each Party shall use its reasonable endeavors to execute all documents and to do and procure to be done all such acts and things as are within its power to ensure the Conditions Precedent are satisfied as soon as is reasonably practicable after the Effective Date and in any case before the Long Stop Date. Each Party shall keep the other Party fully and promptly informed of any material progress in satisfying the Conditions Precedent and notify the other Party as soon as it becomes aware that each Condition Precedent has been satisfied.
- (ii) Seller shall submit the documentation required to obtain Government Approval, provided that Buyer has complied with its obligations under Article 3.2 (c) and 5.3(a).
- (iii) Buyer shall as soon as practicable deliver to Seller any information and documentation as may be requested by the Government in connection with the Transaction.
- (iv) Notwithstanding the Applicable Laws and Regulations, the cost of obtaining Government Approval as provided by Section 11 of the MPRDA, including in respect of any information and documentation required for such approval, shall be borne by Seller.
- (v) The Parties agree that during the Interim Period:
  - 1. all written communications with the Government or any third party (excluding Buyer's counsel, advisors, and other such consultants) relating to the Transaction shall be made jointly the Seller and Buyer; and
  - 2. any meetings or direct communications with the Government or any third party (excluding Buyer's counsel, advisors, and other such consultants) relating to the Transaction shall be arranged and conducted by the Buyer, unless otherwise agreed.

**c. Termination**

- (i) If any one or more of the foregoing Conditions Precedent has not or have not been satisfied on or before the Long Stop Date, then either Party shall have the right to terminate this Agreement with immediate effect by giving written notice to the other Party and neither Party shall have any claims against or liabilities to the other Party in respect of this Agreement.
- (ii) Without prejudice to the foregoing, the termination of this Agreement shall not relieve any Party from any costs or liability accrued or incurred prior to the termination of this Agreement, and the provisions of this Agreement shall continue in force for such additional time as necessary until all claims or lawsuits have been settled or otherwise disposed of. Article 8 (*Confidentiality*), Article 9 (*Notices*), Article

10 (*Governing Law- Dispute Resolution- Waiver of Sovereign Immunity*) and Article 13 (*General Provisions*) of this Agreement shall continue to remain effective and shall survive any termination of this Agreement. The termination of this Agreement shall not prejudice those rights, remedies and obligations of either Party that survive in law or in accordance with this Agreement.

**Article 4.**

**CONSIDERATION AND FURTHER OBLIGATIONS**

**a. Consideration**

Subject to Closing to occur and subject to the other provisions of this Agreement and the Portfolio Agreement, as consideration for receiving the transfer of the Assigned Interest under this Agreement:

- (i) Buyer shall pay Seller at the Closing Date an amount of [\*\*\*] as adjusted pursuant to Article 4.1(b)(the “**Upfront Cash Consideration**”); and
- (ii) [\*\*\*]

**b. Carried Exploration Expenditure**

Subject to Closing to occur and subject to the other provisions of this Agreement and the Portfolio Agreement and subject to Article 3.1(f), with effect from the Economic Date, [\*\*\*]

**c. Payments**

- (i) Payment of the Upfront Cash Consideration under this Agreement shall be made into the bank account:

Account Number	[***]
Routing Number ACH/EFT	[***]
Routing number DOM. Wires	[***]
SWIFT Code Intl Wires	[***]
Account Name	Kosmos Energy South Africa Limited
Account Address	[***]
	901 Main Street, Dallas, Texas 75202

- (ii) All payments under this Agreement to Seller or the Buyer, as applicable, shall be made in full without any set-off, restriction or condition and without any deduction for, or any account of any counterclaim or withholding or other taxes.

**d. Audit**



The amounts referred to under Articles 4.1 and 4.2 are not subject to any rights of audit.

## Article 5.

### UNDERTAKING OF THE PARTIES

#### a. Seller Obligations

During the Interim Period, Seller shall comply with the following:

- (i) Promptly notify Buyer and provide details upon the occurrence of: (i) any written notice of default or termination received or given by Seller with respect to the Exploration Right or the JOA, (ii) any written notice of any pending or threatened claim, demand, action, suit, inquiry or proceeding related to the Exploration Right or the JOA (iii) any material damage, destruction or loss to major assets under the Exploration Right, (iv) any event or condition that would render impossible Buyer's right to the transfer of Assigned Interest hereunder
- (ii) Not transfer, sell, mortgage, pledge, encumber or dispose of any portion of the Assigned Interest;
- (iii) Consult with Buyer before voting on any Operating Committee decisions under the JOA;
- (iv) Comply with Anti-Bribery Laws and Regulations in respect of the Exploration Right, JOA and Exploration Right Area; and
- (v) Notwithstanding the aforementioned, Seller and Buyer shall prior to any meeting of the Operating Committee agree and align their voting position on any decisions in the Operating Committee in relation to the following matters (and strictly excluding any Urgent Operational Matters, as defined in the JOA):
  1. to enter into a next Renewal Period, or to not enter a next Renewal Period, or to extend the existing Phase;
  2. to adopt any Work Program and Budget, or to amend any approved Work Program and Budget;
  3. any matters related to any Joint Operations;
  4. to amend or to supplement the JOA or the Exploration Right;
  5. any wholly or partial relinquishment of any Exploration Right Area;
  6. approval of any AFEs; and

7. any disposal of any of Seller's rights under the Exploration Right in whatever way or form.

If Seller and Buyer have not been able to agree their voting position at the date of the meeting of the Operating Committee in which the relevant decision is to be voted on, each of Seller and Buyer shall abstain from voting.

If Seller and Buyer have agreed their voting positions at the date of the meeting of the Operating Committee in which the relevant decision is to be voted on, and Seller votes in breach of the agreed voting position on that decision, Buyer shall, without prejudice to any other rights or remedies available to Buyer pursuant to this Agreement or otherwise, be entitled to terminate this Agreement in full without liability.

**b. Mutual Obligations**

During the Interim Period:

- (i) Neither Party shall take any action nor fail to take any action, prior to the Closing Date, that would result in a breach of this Agreement, including their warranties under this Agreement; and
- (ii) The Parties agree to provide and execute the necessary documents to obtain the Government Approval.

**c. Buyer Obligations**

During the Interim Period, Buyer shall comply with the following:

- (i) Provide to Seller, as soon as reasonably possible after the Effective Date, but in any case no later than ten (10) days after the Effective Date, all information that may be required by the Exploration Right, the JOA, any Applicable Laws and Regulations and the Government, in each case so as to enable the Government to issue the Government Approval and OK Energy to provide the consent to the Transaction; and
- (ii) Comply with all other obligations and liabilities under this Agreement, including payment obligations described in Article 4 and Article 7, insofar these are due and payable before the Closing Date and pay any other charges owed pursuant to this Agreement.

**Article 6.**

**WARRANTIES OF THE PARTIES**

**a. Seller's Warranties**

Except as disclosed to Buyer in writing in the Disclosure Schedule, Seller warrants to Buyer as at the Effective Date and at the Closing Date that the following statements are true and accurate:

(i) Seller's Rights.

Seller is the legal and beneficial owner of the Assigned Interest, free and clear of all Encumbrances and adverse claims created by, through or under Seller, other than those created under or pursuant to the JOA, the Exploration Right or Applicable Laws and Regulations. No notice of default, termination, or breach under the Exploration Right has been received by Seller.

(ii) Claims and Litigation.

There are no material claims, demands, actions, suits, governmental inquiries, or proceedings pending or, to the best of Seller's knowledge, threatened in connection with the Exploration Right, which could have an adverse effect upon the consummation of the Transaction contemplated by this Agreement.

(iii) Environment.

Seller has not received any written notice that it is in violation of any Applicable Laws and Regulations relating to the Environment with respect to the Exploration Right or the Exploration Right Area.

(iv) (d) Compliance.

To the best of Seller's knowledge, Seller has materially complied with all Applicable Laws and Regulations in relation to the Exploration Right and the Exploration Right Area.

(v) Solvency.

The Seller can pay its debts as they fall due and is not insolvent within the meaning of the insolvency law of any jurisdiction applicable to the Seller. To the best of Seller's knowledge, no order has been made and, where applicable, no resolution has been passed for the winding up, liquidation, administration or receivership (or any analogous proceeding in any jurisdiction) of the Seller and no voluntary arrangement has been made by the Seller with its creditors.

(vi) Information

All information provided by Seller in the Data Room Documents is, to the best of Seller's knowledge, true and correct.

**b. Buyer's Warranties**

Buyer warrants to Seller as at the Effective Date and as at Closing Date that the following statements are true and accurate:

(i) Claims and Litigation.

There are no material claims, demands, actions, suits, governmental inquiries, or proceedings pending, or to the best of Buyer's knowledge, threatened, against Buyer which would have an adverse effect upon the consummation of the transactions contemplated by this Agreement.

(ii) Financing.

Buyer has sufficient immediate available funds to enable it to fulfill all of its obligations under this Agreement.

(iii) Due Diligence.

In making the decision to enter into this Agreement and consummate the transactions contemplated hereby, Buyer has relied solely on the basis of its own independent Due Diligence Investigation of the Assigned Interest and the warranties in this Agreement.

(iv) Solvency.

Buyer is able to pay its debts as they fall due and is not insolvent within the meaning of the insolvency law of any jurisdiction applicable to the Buyer. No order has been made and, where applicable, no resolution has been passed for the winding up, liquidation, administration or receivership (or any analogous proceeding in any jurisdiction) of the Buyer and no voluntary arrangement has been made by the Buyer with its creditors.

(v) Anti-Money Laundering.

Buyer warrants that the funds used for its payments to Seller shall not constitute the proceeds of crime in contravention of anti-money laundering laws. Buyer warrants to Seller that, in connection with this Agreement, it is knowledgeable about and will comply with all laws, regulations, rules and requirements relating to anti-money laundering applicable to its performance of this Agreement.

**c. Mutual Warranties**

The Parties warrant to each other as at the Effective Date and as at Closing Date that the following statements are true and accurate:

(i) Corporate Authority.

Each Party is duly organized and validly existing under the laws of the country where it is organized. To the extent required, each Party is qualified to conduct business in the jurisdiction as necessary to perform the Exploration Right. Each Party has all requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by each Party and constitutes a legal, valid and binding obligation of each Party, enforceable against each Party in accordance with its terms.

(ii) Payments.

Neither Party nor any of its Affiliates have made, offered, or authorized and will not make, offer or authorize any payment, gift, promise or other advantage, in connection with the matters which are the subject to this Agreement, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, where such payment, gift or promise would (a) comprise a facilitation payment; and/or (b) violate:

1. the laws of the Republic of South Africa;
2. the laws of the country of formation of the Party or such Party's Ultimate Parent Entity (or its principal place of business);
3. the Foreign Corrupt Practices Act of the United States;
4. the Bribery Act of the United Kingdom;
5. the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on 17 December 1997, which entered into force on 15 February 1999, and the Convention's Commentaries; or
6. all Applicable Laws and Regulations that prohibit tax evasion, money laundering or otherwise dealing in the proceeds of crime or the bribery of, or the providing of unlawful gratuities, facilitation payments, or other benefits to, any government official or any other person.

**(“Anti-Bribery Laws and Regulations”).**

(iii) Policies

In connection with this Agreement, and any business resulting therefrom, each Party has maintained and will maintain adequate written policies and procedures to comply with Anti-Bribery Laws and Regulations.

(iv) Other Warranties.

The execution, delivery, and performance of this Agreement by each Party, the consummation of the transactions contemplated hereby, and the compliance with the provisions hereof will not, to the best of each Party's knowledge and belief:

1. violate any Applicable Laws and Regulations, judgment, decree or award;
2. contravene the articles of association or other organizational documents of a Party; or
3. result in a violation of a term or provision or constitute a default or accelerate the performance of an obligation under any contract or agreement executed by a Party hereto.

**d. Disclaimer**

- (i) Seller makes no representation or warranty of any kind whatsoever, whether express, implied, statutory or otherwise, beyond those warranties expressly given in this Agreement, including, without limitation, in respect of the accuracy or completeness of any data, reports, documents, records, projections or information furnished or made available to Buyer in connection with this Agreement. Furthermore, Buyer disclaims any rights to claim diminution of consideration and any claims for damages because of defects, whether known or unknown, it being the intention of the Parties that any physical assets relating to the Assigned Interest are to be accepted by Buyer in their present condition and state of repair.
- (ii) Except for the warranties provided in this Article 6, no representations, warranties, statements or conduct in respect of the Assigned Interest, including future operating or financial performance or project costs, have induced or influenced Buyer to enter into or agree to any terms or conditions of this Agreement nor may form the basis of, nor be pleaded in connection with, any claim by Buyer under or in connection with this Agreement.
- (iii) Notwithstanding any other provision in this Agreement, Seller makes no representations or warranties as to any geological, geophysical, technical, engineering (including petroleum engineering), economic, financial or other interpretations, forecasts, data or evaluations concerning the Assigned Interest.

**e. Acknowledgements**

Without detracting from Buyer's reliance on Seller's warranties in Articles 6.1 and 6.3, Buyer acknowledges that as of the Closing Date:

- (i) it will have made its own independent investigation, analysis and evaluation of the Data Room Documents and the Applicable Laws and Regulations pertaining to the Seller's interest in the Exploration Right and the Assigned Interest, including a review

of Seller's title thereto and the state and condition thereof and will have relied on its own investigation, analysis and evaluation as to its assessment of the condition, quantum and value of the Assigned Interest and Seller's title thereto;

- (ii) except for the warranties in Articles 6.1 and 6.3, Buyer forever waives, releases and discharges Seller and its Affiliates from any costs, claims, charges, expenses (including legal fees and professional charges), obligations, liabilities and losses of Buyer and its assigns and successors, as a result of the use or reliance upon advice, information and materials pertaining to the Exploration Right and/or Assigned Interest delivered or made available to Buyer by Seller or any of its Affiliates prior to this Agreement, including, any evaluations, projections, reports and interpretive or non-factual materials prepared by or for Buyer, or otherwise in its possession; and
- (iii) subject to Article 6.6 (a) Buyer further waives, releases and forever discharges Seller from any and all other costs, claims, charges, expenses (including legal fees and professional charges), obligations, liabilities and losses whatsoever, known or unknown, existing now or arising subsequently, based on, relating to or arising from this Agreement or the condition, quality, status or nature of the Assigned Interest, including those arising in law or in equity, rights arising from breaches of statutory or implied warranties, tort actions, and/or common law rights of contribution, even if caused in whole or in part by the negligence (whether sole, joint, gross or concurrent, but excluding fraud or willful misconduct), of Seller.
- (iv) Seller shall not be liable under its warranties in Article 6.1 and 6.3 to the extent that the facts which cause any of these warranties to be breached were disclosed in the Disclosure Schedule.
- (v) Subject to Applicable Law or the preservation of legal privilege, in the event that there is a regulatory investigation by a Relevant Authority in connection with this Transaction, each Party shall, on reasonable notice have a right, at its expense, and the other Party shall take reasonable steps to enable this right, to audit the other Party's relevant books and records with respect to compliance with Article 6.3(b). Each Party will retain such books and records for the period required by Applicable Law or a Party's own retention policies, whichever is longer."

**f. Damages**

- (i) If a Party becomes aware that it may have a claim against the other Party for a breach of any warranty in Article 6.1, Article 6.2 or Article 6.3 (as appropriate), subject always to the limitations set out in this Article 6.6 and otherwise set out in this Agreement, such Party shall be entitled to claim only damages in respect of such matter pursuant to Applicable Laws and Regulations and accordingly waives any other rights it may have in respect of any such matter.

- (ii) Notwithstanding anything herein to the contrary, a Party may only make a claim for damages for a breach of a warranty in Article 6.1, Article 6.2 or Article 6.3 (as appropriate):
  - 1. where notice of such breach with reasonable particulars shall have been provided by such claiming Party to the other Party prior to the expiry of the Survival Period;
  - 2. to extent any costs, claims, charges, expenses (including legal fees and professional charges), obligations, liabilities and losses are not reimbursed by insurance carried by such claiming Party or are otherwise compensated; and/or
  - 3. to the extent that the matter or circumstance giving rise to the claim (i) has been or is made good or is otherwise compensated for without cost to the claiming Party; or (ii) has been recovered by the claiming Party under any other warranty or term of this Agreement and accordingly the claiming Party may only recover once in respect of the same loss.
- (iii) In addition to the foregoing limitations, Buyer may only make a claim for damages for breach of a warranty in Article 6.1 or Article 6.3:
  - 1. to the extent the liability in respect of an individual claim exceeds [\*\*\*], in which case Seller shall be liable for the whole amount;
  - 2. [\*\*\*]
  - 3. The maximum aggregate liability of Seller in respect of claims for damages for breaches of warranties in Article 6.1 or Article 6.3 other than the Fundamental Warranties or otherwise under, or in connection with this Agreement, whether in tort, contract, under statute or otherwise, shall not exceed [\*\*\*] the amount of the Upfront Cash Consideration .
- (iv) In no event shall either Party be liable to the other for any Consequential Losses, arising under or in connection with this Agreement.
- (v) Notwithstanding anything to the contrary in this Agreement, this Article 6.6 shall not be construed to limit the liability of a Party for fraud, fraudulent misstatement or misrepresentation, breach of Anti-Bribery Laws and Regulations or willful misconduct.

## **Article 7.**

### **TAX**

#### **a. Tax Obligations**



Each Party shall be solely responsible for reporting and discharging its own taxes as established under applicable tax laws and regulations. Each Party shall protect, defend and indemnify each other Party from any and all loss, cost or liability arising from the indemnifying Party's failure to report and discharge such taxes as established under this Article 7.1.

**b. Joint Levy**

If interpretation or enforcement of the Exploration Right by the Government imposes joint and several liability on the Parties for any levy, charge or tax, the Parties agree to cross indemnify each other to the extent that such levy, charge or tax is borne by one Party otherwise than in proportion to its Participating Interest share.

**c. Election of Rollover Treatment**

The Parties hereby agree and elect that rollover treatment, as contemplated in subparagraph 2 under paragraph 7 of the Tenth Schedule of the South African Income Tax Act, No. 58 of 1962, shall apply to the transaction contemplated by this Agreement.

**d. Other Taxes**

Subject to Article 7.1, it is acknowledged and agreed by and between the Parties that any amounts paid as part of the Upfront Cash Consideration excludes any VAT, sales, use, stamp, real estate transfer, documentary, registration, recording and other similar taxes in connection with the sale of the Assigned Interest under this Agreement (collectively "**Other Taxes**"). Any Other Taxes imposed on the transfer of the Assigned Interest pursuant to this Agreement shall be borne by the Seller.

**e. Indemnification Period**

If a Party that has the benefit of an indemnity under this Article 7 is required to make any payment of tax covered by such indemnity, the indemnifying Party shall pay the indemnified Party within thirty (30) Business Days after receiving a written request for payment from the indemnified Party.

**Article 8.**

**CONFIDENTIALITY**

- a. No Party nor any Affiliate of such Party shall, without the prior written consent of the other Party, issue or make any public announcement or statement regarding this Agreement or any matter the subject of this Agreement, unless it is necessary for that Party or its Affiliate to make such public announcement or statement in order to comply with a statutory obligation, an obligation to include information in published or audited accounts, or with the requirement of a competent government agency or other regulatory body, or a recognised stock exchange on which that Party or such**

**Affiliate has its securities listed or an unlisted securities market in which its securities are dealt, in which event a copy of the same shall be furnished to the other Party as soon as practicable prior to publication and such announcement or statement shall be limited to the minimum so required.**

- b. The terms of this Agreement shall, subject to Article 8.1, be held confidential by each Party during the continuance of the Exploration Right and for three (3) years thereafter and shall not be divulged in any way to any third party without the prior written approval of the other Party provided that a Party may, without such approval, disclose the terms of this Agreement:**
- (i) to any of the parties to the Portfolio Agreement;
  - (ii) to any Affiliate of such Party provided that the disclosing Party shall remain liable for any breach of confidentiality by such Affiliate;
  - (iii) to any outside professional consultants or other professional advisers consulted in connection with the terms of this Agreement upon obtaining a similar undertaking of confidentiality from such consultants or advisers;
  - (iv) to the extent that a Party is required to disclose the same pursuant to any law or order of any court of competent jurisdiction acting in pursuance of its powers or pursuant to any rules or requests from any regulatory authority of competent jurisdiction or a recognised stock exchange on which that Party or such Affiliate has its securities listed or an unlisted securities market in which its securities are dealt;
  - (v) to any regulatory authority, where reasonably required to obtain the Governmental Approval [\*\*\*];
  - (vi) to the extent that the terms of this Agreement become public knowledge or for any other reason cease to be confidential otherwise than through breach of this Article 8.2.
- c. Without prejudice to Articles 8.1 and 8.2 above, Buyer shall be entitled at any time to disclose the terms of this Agreement to any bona fide potential assignee or transferee of all or part of the Buyer's interest in the Licence and the JOA, provided such bona fide potential assignee or transferee enters into an undertaking of confidentiality with terms similar to those set out in Article 8.2.**

#### **Article 9.**

#### **NOTICES**

All notices authorized or required between the Parties by any of the provisions of this Agreement shall be in writing (in English) and delivered in person or by courier service or by any electronic means of transmitting written communications (excluding e-mail)

which provides written confirmation of complete transmission, and properly addressed to the other Party. Verbal communication does not constitute notice for purposes of this Agreement and telephone numbers for the Parties are listed below as a matter of convenience only. A notice given under any provision of this Agreement shall be deemed delivered only when received by the Party to whom such notice is directed, and the time for such Party to deliver any notice in response to such originating notice shall run from the date the originating notice is received. "**Received**" for purposes of this Article shall mean actual physical delivery of the notice to the address of the Party specified hereunder or, in the case of electronic delivery, means the time at which an electronic transmission report confirms delivery.

**Shell Offshore Upstream South Africa B.V.**

Address: Carel van Bylandtlaan 30, 2596 HR The Hague, Netherlands Attention: Managing Counsel Exploration

Fax: + E-mail: + [\*\*\*]

Telephone: + [\*\*\*]

Cc: Country Chair Namibia

E-mail: [\*\*\*]

**Kosmos Energy South Africa Limited**

Address: 10 Stratton Street, London W1J 8LG, United Kingdom

Attention: General Counsel

Fax: + [\*\*\*]

E-mail: [\*\*\*]

Telephone: + [\*\*\*]

Cc: Senior VP, Business Development

Fax: + [\*\*\*]

**Article 10.**

**GOVERNING LAW – DISPUTE RESOLUTION – WAIVER OF SOVEREIGN IMMUNITY**

**a. Governing Law**

This Agreement (and any dispute, controversy, proceedings or claim of whatever nature including any non-contractual dispute or claim arising out of or in any way relating to this Agreement or its formation) shall be governed by, construed, interpreted and applied in accordance with the laws of England and Wales excluding any choice of law rules that would refer the matter to the laws of another jurisdiction.

**b. Dispute Resolution**

Any dispute, controversy or claim arising out of or in connection with this Agreement or its subject matter or formation, whether in tort, contract, under statute or otherwise, including any question regarding its existence, validity, interpretation, breach or termination, and including any non-contractual claim (a “**Dispute**”), shall be finally and exclusively resolved by arbitration under the International Chamber of Commerce Arbitration Rules (the “**ICC Rules**”), which Rules are deemed to be incorporated by reference into this Agreement. Except to the extent of conflicts between the ICC Rules and the provisions of this Agreement, in which event the provisions of this Agreement prevail. The arbitration shall be conducted by three arbitrators, to be appointed in accordance with the ICC Rules. A dispute shall be deemed to have arisen when either Party notifies the other Party in writing to that effect. Receiving Party acknowledges that remedies at law may be inadequate to protect against breach of this Agreement; accordingly, the arbitral tribunal may award both monetary and equitable relief, including injunctive relief and specific performance. Any Party may apply to any competent judicial authority for interim or conservatory relief, including, without limitation, injunctions and orders for specific performance; an application for such measures or an application for the enforcement of such measures ordered by the arbitral tribunal shall not be deemed an infringement or waiver of the Agreement to arbitrate and shall not affect the powers of the arbitral tribunal. The seat of the arbitration shall be London, England. The language of the arbitration shall be English. Any award rendered by the tribunal shall be made in writing and shall be final and binding on the Parties. The Parties undertake to carry out the award without delay. All aspects of the arbitration shall be confidential.

**c. Waiver of Sovereign Immunity**

Any Party that now or in the future has the right to invoke sovereign immunity or diplomatic rights for itself or for any of its assets, hereby waives to formulate or exercise any such sovereign immunity or diplomatic right, or with respect to any other immunity or defense based on fact or argument that it is a political subdivision, agency or entity of a sovereign state, as regards any arbitral proceeding or any proceeding to execute an arbitral award as issued by a tribunal integrated further to this Agreement, including, without limitation, immunity to judgments, immunity to judicial expenses, immunity to the jurisdiction of any tribunal. Each Party acknowledges its rights and obligations hereunder are of a commercial and not a governmental or public nature.

**Article 11.**

### **FORCE MAJEURE**

- a. **If one Party, as a consequence of the occurrence of a Force Majeure, is rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than any obligation to pay any amounts due hereunder, then:**
- (i) that Party shall (i) give notice to the other Party providing reasonably complete particulars of the Force Majeure and a bona fide estimate of the period of time required to remedy the Force Majeure; and (ii) resume the performance of such obligations as soon as reasonably practicable after the removal of the cause and shall so notify the other Party;
  - (ii) each Party shall, promptly following becoming aware of a significant development with respect to the status of the Force Majeure, inform the other Party;
  - (iii) both Parties shall use commercially reasonable efforts to remove or overcome the Force Majeure as quickly as possible (but neither Party shall be obliged to settle any dispute except on terms acceptable to it (acting reasonably)).

### **Article 12.**

### **DEFAULT**

**a. Default**

If Buyer fails to pay the Upfront Cash Consideration by the applicable date, Buyer shall be in default, and

- (i) such amounts shall accrue interest at the Agreed Interest Rate calculated from the due date until the date of actual payment (whether prior to or following judgment); and
- (ii) Seller may not execute the Deed of Assignment, if such default occurs prior to their execution; or
- (iii) Failing payment of the sum in default within fifteen (15) Business Days, Seller may require Buyer to retransfer the Assigned Interest to Seller free of any costs, if such default occurs after the execution of such Deed of Assignment.

Any exercise by Seller of its rights under this Article 12 is without prejudice to any other rights or remedies available to Seller pursuant to this Agreement or otherwise.

**b. Remedies**

- (i) Regardless of Seller's election as to the foregoing, Seller shall be entitled to seek specific performance of this Agreement and/or any other remedies available to Seller in equity or under Applicable Laws and Regulations or take whatever action it

deems appropriate. If the Seller exercises its right to require Buyer to retransfer the Assigned Interest, Buyer agrees to execute any and all such documents as are necessary for such retransfer in the same form and manner as the original transfer and assist in obtaining any required approval of such retransfer by the Government or other parties to the JOA, as applicable. In the event all approvals are not timely obtained, Buyer shall hold the Assigned Interest on trust for Seller.

- (ii) Buyer constitutes and appoints Seller as its true and lawful attorney to execute such instruments and make such filings and applications as may be necessary to make such retransfer legally effective and to obtain any necessary approvals. This power of attorney is irrevocable for the term of this Agreement and, if requested by the Seller at the time of default, Buyer shall execute a document setting forth this power of attorney in more detail.

### **Article 13.**

#### **GENERAL PROVISIONS**

##### **a. Relationship of Parties**

The rights, duties, obligations and liabilities of the Parties under this Agreement shall be individual, not joint or collective. It is not the intention of the Parties to create, nor shall this Agreement be deemed or construed to create, a partnership, association or (except as explicitly provided in this Agreement) a trust. This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries.

##### **b. Further Assurances**

Each of the Parties shall do all such acts and execute and deliver all such documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

##### **c. Waiver**

No waiver by any Party of any one or more defaults by another Party in the performance of any provision of this Agreement, irrespective of the length of time during which the default continues, shall operate or be construed as a waiver of any future default or defaults by the same Party whether of a like or of a different character. Except as expressly provided in this Agreement, no Party shall be deemed to have waived, released or modified any of its rights under this Agreement unless such Party has expressly stated, in writing, that it does waive, release or modify such right.

##### **d. Joint Preparation**

Each provision of this Agreement shall be construed as though all Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

**e. Severance of Invalid Provisions**

If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

**f. Amendments**

There shall be no amendment of this Agreement except by written consent of all Parties.

**g. Priority of Agreement**

In the event of any conflict between the provisions of the main body of this Agreement and its Exhibits, the provisions of the main body of the Agreement shall prevail. In the event of any conflict between the provisions of this Agreement and the JOA, and unless expressly provided otherwise, this Agreement shall prevail as between the Parties. In the event of any conflict between the provisions of this Agreement and the Portfolio Agreement, the Portfolio Agreement shall prevail as between the Parties.

**h. Counterpart Execution**

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed an original Agreement for all purposes; provided that no Party shall be bound to this Agreement unless and until all Parties have executed a counterpart. For purposes of assembling all counterparts into one document, Seller is authorized to detach the signature page from one or more counterparts and, after signature thereof by the respective Party, attach each signed signature page to a counterpart.

**i. No Third-Party Beneficiaries**

No provision of this Agreement shall be construed as creating any rights enforceable by a third party and all third-party rights implied or created by law (Rights of Third Parties) Act 1999) are, to the extent permissible by law, excluded from this Agreement.

**j. Entirety**

The relevant terms of the Portfolio Agreement, this Agreement and the Exhibits constitute the entire agreement between the Parties pertaining to the subject matter

hereof, and supersede all prior understandings, negotiations and agreements of the Parties, whether oral or written, pertaining to the subject matter hereof.

**k. Assignments**

No Party shall assign this Agreement or any of its rights or obligations hereunder, in whole or in part, without the written consent of the other Party. The provisions of this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of the Parties, pursuant to the terms hereof.

**l. Expenses**

Except as otherwise expressly provided in this Agreement, each Party will pay its own costs and expenses incurred in anticipation of, relating to and in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by its duly authorized representative the date set out in the first sentence of this Agreement.

SIGNED on behalf of

**Shell Offshore Upstream South Africa B.V.**

By: /s/ Authorized Signatory  
Name: Authorized Signatory  
Title: Authorized Signatory

**Kosmos Energy South Africa Limited**

By: /s/ Oliver Quinn  
Name: Oliver Quinn  
Title: Vice President

**Exhibit A. FOA 2018**

**Exhibit B. Deed of Assignment**

PROTOCOL NO. x/2020

**NOTARIAL DEED OF ASSIGNMENT AND TRANSFER OF INTEREST IN EXPLORATION RIGHT**

**BE IT HEREBY MADE KNOWN TO ALL WHOM IT MAY CONCERN:**

That on this the            day of            in the year of our Lord Two Thousand And Twenty, before me,            ,  
Notary Public, duly sworn and admitted, residing and practicing in            , Western Cape Province, Republic of  
South Africa, and in the presence of the subscribing competent witnesses, personally came and appeared:

In his/her capacity as authorised signatory of

**KOSMOS ENERGY SOUTH AFRICA LIMITED**

Registration number: 11721636

**(“Assignor”)**

A company with limited liability, incorporated under the laws of England and Wales, they being duly authorised thereto  
by a board resolution passed on    2020, which has this day been exhibited to me, the Notary, and remains filed of  
record in my Protocol,

of the first part:

1.

**DENNIS ZEKVELD**

In his/her capacity as authorised signatory of

**SHELL EXPLORATION AND PRODUCTION (79) B.V.**

Registration number: 65500237

**(“Assignee”)**

a company with limited liability, incorporated under the laws of the Netherlands, they being duly authorised thereto by a power of attorney passed on 2020, which has this day been exhibited to me, the Notary, and remains filed of record in my Protocol,

of the second part:

2.

in his / her capacity as the Acting Chief Executive officer of

**SOUTH AFRICAN AGENCY FOR PROMOTION OF PETROLEUM EXPLORATION AND EXPLOITATION (SOC)**

**LIMITED**

(Registration number. 1999/015715/30)

**("the Agency")**

he being duly authorised hereto by a Power of Attorney/delegation granted to him by the Director-General of the Department Mineral Resources at Pretoria on 2020, which Power of Attorney/delegation has this day been exhibited to me, the Notary, and remains filed record in my Protocol and herein representing:

**THE MINISTER OF MINERAL RESOURCES AND ENERGY**

(hereinafter together with his successors in title referred to as the **Minister**) in his capacity representing:

**THE REPUBLIC OF SOUTH AFRICA**

**(herein after referred to as "the Grantor")**

of the third part:

(Assignor and Assignees may hereinafter be referred to individually as "**Party**" and collectively as "**Parties**").

**AND THE APPEARERS DECLARED THAT:**

- A. **WHEREAS** the Assignor and the Assignee are both holders of a 45% (forty five percent) undivided participatory interest in an exploration right granted in terms of 80 of the Mineral and Petroleum Resources Development Act, 28 of 2002 (the "Act") in respect of Block 3013 and 3113, offshore of the Republic of South Africa, bearing reference number 12/3/274, (the "Exploration Right") registered on 30 January 2019 at the Mineral and Petroleum Titles Registration Office ("MPTRO"), under MPT Number 01/2019 over the area set out in the map annexed hereto under Annexure A.
- B. **AND** on 28th August 2019 a renewal of the Exploration Right was granted as per Annexure B.
- C. **AND** on x August 2020, the Assignor and the Assignee executed an Asset Sale Agreement in terms whereof the Assignor agreed to assign and transfer to the Assignee, and the Assignee agreed to receive, a 9/20ths share (45%) undivided participatory interest in the Exploration Right (the "Transferred Interest"), subject to certain terms and conditions, including that the Minister consents to the proposed transfer of the Transferred Interest in accordance with section 11 of the Act.
- D. **AND** the Assignor hereby agrees to cede and assign to the Assignees and the Assignees hereby agree to accept the assignment from the Assignor of the Transferred interest.
- E. **AND** the Minister of Mineral Resources has, in terms of section 11 of the Mineral and Petroleum Resources Development Act 28 of 2002, consented to and approved the transfer of the Transferred Interest from Assignor to Assignee, a copy of such approval is attached hereto marked Annexure C and which was communicated to the Assignor as per the Granting Letter attached hereto and marked Annexure D.

**NOW THEREFORE THESE PRESENT WITNESSETH:**

**1. ASSIGNMENT**

1.1 The Assignor hereby cedes, assigns and transfers the Transferred Interest in the above Exploration Right to and in favour of the Assignee.

1.2 As from the date of signature hereof (the "Effective Date"), the Assignee accepts such cession, assignment and transfer, subject and being entitled to all rights, obligations, terms and conditions applicable to the Transferred Interest.

1.3 The Parties agree that as from the Effective Date, the participatory interests of the Parties in the Exploration Right shall be held as follows:

<b>Holder</b>	<b>Interest</b>
Assignee 1	18/20ths share (90%) undivided interest
OK Energy Limited	2/20ths share (10%) undivided interest

1.4 The parties undertake at all times to do all things, grant all consents and take all steps, and to procure the doing of all things, the granting of all consents and the taking of all steps, as can be taken, done and granted, and which may be necessary or incidental to implement and maintain the provisions and conditions and content of this Notarial Deed of Assignment.

**2. OPERATORSHIP**

2.1 The Assignee shall continue to act as the operator of the Exploration Right on behalf of itself and OK Energy and in such capacity the Assignor undertakes to act in accordance with the terms and conditions of the Exploration Right.

**3. RISK, BENEFIT, OWNERSHIP**

3.1 The risk in, benefit of, and ownership of the Transferred Interest shall be deemed to have passed to the Assignee on the Effective Date.

3.2 With effect from the Effective Date the Assignee shall comply with all work commitments and other obligations relating to the Transferred Interest including, but not limited to, those in the exploration work programme, environmental management programme and social and labour plan relating thereto.

#### 4. **REGISTRATION**

4.1 Registration of this Notarial Deed of Assignment with the MPTRO shall be effected by the Assignor's attorneys and shall, in accordance with section 11(4) of the Act, be lodged for such registration within 60 (sixty) days from the date of notarial execution.

4.2 The Assignor and the Assignee undertake, on request from the Assignor's attorneys, to sign all such documents, to deliver all such documents of title and all such other documents and to take all such steps as they may respectively be called upon to do and which the Assignor's attorneys may reasonably require to effect registration of this Notarial Deed of Assignment.

#### 5. **DOMICILIUM**

5.1 For purposes of this Notarial Deed of Assignment and for purposes of the Assigned Interest the Assignor and Assignees choose the following addresses as their *domicilium citandi et executandi*:

##### 5.1.1 **Assignor:**

Physical Address	Postal Address

##### 5.1.2 **Assignee:**

Physical Address	Postal Address
Carel van Bylandtlaan 30, 2596 HR The Hague, Netherlands	Carel van Bylandtlaan 30, 2596 HR The Hague, Netherlands







**ANNEXURE A**

**PLAN DEPICTING THE ORIGINAL EXPLORATION AREA**

**ANNEXURE B**

**PLAN DEPICTING EXPLORATION AREA FOR THE FIRST RENEWAL PERIOD**

**ANNEXURE C**

**SECTION GRANTING LETTER**

**ANNEXURE D**

**SECTION 11 LETTER OF CONSENT**

\*\*\* INDICATES CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT THAT HAVE BEEN OMITTED PURSUANT TO ITEM 601(B) OF REGULATION S-K BECAUSE THE IDENTIFIED CONFIDENTIAL PORTIONS (I) ARE NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

**Dated 08 September 2020**

## **Share Sale and Purchase Agreement**

relating to the sale and purchase of  
shares in Portfolio Holdings

between

**KOSMOS ENERGY OPERATING**  
as Seller

and

**KOSMOS ENERGY HOLDINGS**  
as Seller Guarantor

and

**B.V. DORDTSCHHE PETROLEUM MAATSCHAPPIJ**  
as Purchaser

## Table of Contents

<a href="#">1. Interpretation</a>	<a href="#">1</a>
<a href="#">2. Sale and purchase</a>	<a href="#">16</a>
<a href="#">3. Conditions</a>	<a href="#">16</a>
<a href="#">4. Consideration</a>	<a href="#">18</a>
<a href="#">5. Pre-Completion Obligations</a>	<a href="#">19</a>
<a href="#">6. Not Used</a>	<a href="#">23</a>
<a href="#">7. Not Used</a>	<a href="#">23</a>
<a href="#">8. Completion</a>	<a href="#">23</a>
<a href="#">9. Post-completion covenants</a>	<a href="#">24</a>
<a href="#">10. Seller’s warranties</a>	<a href="#">25</a>
<a href="#">11. Seller’s limitations on liability</a>	<a href="#">35</a>
<a href="#">12. Purchaser’s warranties and undertakings</a>	<a href="#">35</a>
<a href="#">13. Environmental indemnity</a>	<a href="#">37</a>
<a href="#">14. Termination</a>	<a href="#">37</a>
<a href="#">15. Tax on Transaction and Historical Taxes</a>	<a href="#">38</a>
<a href="#">16. Mutual warranties</a>	<a href="#">39</a>
<a href="#">17. Withholding</a>	<a href="#">41</a>
<a href="#">18. Access</a>	<a href="#">41</a>
<a href="#">19. Effect of completion</a>	<a href="#">42</a>
<a href="#">20. Assurance</a>	<a href="#">42</a>
<a href="#">21. Insurance</a>	<a href="#">42</a>
<a href="#">22. Assignment</a>	<a href="#">42</a>
<a href="#">23. Entire agreement</a>	<a href="#">42</a>
<a href="#">24. Notices</a>	<a href="#">43</a>
<a href="#">25. Announcements</a>	<a href="#">44</a>
<a href="#">26. Guarantees</a>	<a href="#">44</a>
<a href="#">27. Confidentiality</a>	<a href="#">46</a>
<a href="#">28. Costs and expenses</a>	<a href="#">47</a>
<a href="#">29. Counterparts</a>	<a href="#">47</a>
<a href="#">30. Severance and validity</a>	<a href="#">47</a>
<a href="#">31. Variations</a>	<a href="#">47</a>
<a href="#">32. Remedies and waivers</a>	<a href="#">47</a>
<a href="#">33. Third party rights</a>	<a href="#">48</a>
<a href="#">34. Governing law and jurisdiction</a>	<a href="#">48</a>
<a href="#">35. Agent for service of process</a>	<a href="#">50</a>
<a href="#">Schedule 1 (Details of the Company Group)</a>	<a href="#">52</a>
<a href="#">Part 1 (Details of the Company)</a>	<a href="#">52</a>
<a href="#">Part 2 (a) (Details of the Subsidiary)</a>	<a href="#">53</a>
<a href="#">Part 2 (b) (Details of the Subsidiary)</a>	<a href="#">54</a>
<a href="#">Part 2 (c) (Details of the Subsidiary)</a>	<a href="#">55</a>
<a href="#">Part 3(a) (Details of the Existing Subsidiary)</a>	<a href="#">56</a>
<a href="#">Part 3(b) (Details of the Existing Subsidiary)</a>	<a href="#">57</a>

<a href="#"><u>Part 3(c) (Details of the Existing Subsidiary)</u></a>	<a href="#"><u>58</u></a>
<a href="#"><u>Schedule 2 (Completion Arrangements)</u></a>	<a href="#"><u>59</u></a>
<a href="#"><u>Part 1 (Seller's Obligations)</u></a>	<a href="#"><u>59</u></a>
<a href="#"><u>Part 2 (Purchaser's Obligations)</u></a>	<a href="#"><u>62</u></a>
<a href="#"><u>Schedule 3 (Seller's Limitations on Liability for Warranty Claims)</u></a>	<a href="#"><u>63</u></a>
<a href="#"><u>Schedule 4 (Form of Resignation Letter)</u></a>	<a href="#"><u>67</u></a>
<a href="#"><u>Schedule 5 (Senior Managers and Officers and Directors)</u></a>	<a href="#"><u>68</u></a>
<a href="#"><u>Schedule 6 (Transitional Operator Services Agreements)</u></a>	<a href="#"><u>69</u></a>

**This agreement** is made on 08 September 2020 (the “**Agreement**”)

**Between:**

- (1) **KOSMOS ENERGY OPERATING**, a company established under the laws of the Cayman Islands, with Company number 231417 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands (the “**Seller**”);
- (2) **KOSMOS ENERGY HOLDINGS**, in Cayman Islands, with Company number 133483 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands (the “**Seller Guarantor**”); and
- (3) **B.V. DORDTSCHHE PETROLEUM MAATSCHAPPIJ** a company established under the laws of The Netherlands, with Company number 27002689 and having its registered office at Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands (the “**Purchaser**”).

(together referred to as the “**Parties**”, and each individually as a “**Party**”).

**Whereas:**

- (A) The Seller has agreed to sell the Shares including the Subsidiary Shares (as defined below), and the Purchaser has agreed to purchase and pay for the Shares or procure the purchase of the Subsidiary Shares on the terms of this Agreement.
- (B) Particulars of the Company are set out in Schedule 1 (*Details of the Company*).
- (C) The Seller Guarantor has agreed to guarantee the obligations of the Seller and provide various undertakings on the terms and subject to the conditions of this Agreement and to give the warranties in Clause 26.9.

**Now it is hereby agreed** as follows:

**1. Interpretation**

a.. In this Agreement and the Schedules to it:

“**ABC Warranties**” means the warranties from the Seller set out in Clause 16;

“**Accruals Basis of Accounting**” means the basis of accounting under which costs and benefits are regarded as applicable to the period in which the liability to the cost is incurred or the right to the benefit arises regardless of when invoiced, paid or received;

“**Affiliate**” means, in relation to a Party, its Ultimate Parent Company; or a company (other than the Party itself) which is, from time to time, directly or indirectly controlled by the Ultimate Parent Company.

For the purpose of this definition:

- (i) a company is directly controlled by another company if the latter company beneficially owns fifty per cent. (50%) or more of either the issued share capital or the voting rights attached to the issued share capital of the first mentioned company; and
- (ii) a company is indirectly controlled by another company if a series of companies can be specified, beginning with the latter company and ending with the first mentioned company, which are so related such that each company of the series (except the latter company) is directly controlled by one or more of the companies earlier in the series;

“**Anti-Bribery Laws**” means in each case: (i) the UK Bribery Act 2010 (as amended from time to time); (ii) the U.S. Foreign Corrupt Practices Act of 1977 (as amended from time to time); (iii) any other applicable law, rule or regulation including those of the Republic of Namibia, Democratic Republic of Sao Tome and Principe and the Republic of Suriname that prohibit the facilitation of tax evasion, money laundering or otherwise dealing in the proceeds of crime or the bribery of, or the providing of unlawful gratuities, facilitation payments or other benefits to, any Government Official or any other person; and (iv) for each Party, the laws prohibiting the bribery of, or the providing of unlawful gratuities or benefits to, any Government Official or any other person and bribery and corruption in the countries of such Party’s place of incorporation, principal place of business, or place of registration as an issuer of securities, or in the countries of such Party’s Ultimate Parent Company’s place of incorporation, principal place of business, or place of registration as an issuer of securities. For purposes of this Agreement, the laws described above will be treated as though they apply to each Party, its Affiliates, its Associated Persons, directors, officers, employees, agents or consultants;

“**Arbitration**” has the meaning given in Clause 34.3 (*Governing law and jurisdiction*);

“**Assets Documents**” means all deeds, contracts, permits, instruments, notices and other documents to the extent affecting or otherwise pertaining to a Contract Area or a member of the Company Group (including its assets or operations), as any of the same may have been or may be assigned, amended, modified, varied, replaced or novated from time to time;

“**Associated Person**” means, in relation to an entity, a person who performs or has performed services for or on that entity’s behalf;

“**Books and Records**” includes, without limitation, all notices, correspondence, orders, inquiries, drawings, plans, Tax Records, books of account and other documents and records whether in paper or electronic form, all computer disks or tapes or other machine legible programs or other records (excluding software) in relation to member of the Company Group;

“**Business**” shall mean:

- (i) in relation to any member of the Company Group, the business of each member of the Company Group comprising activities related to oil and gas exploration, development, production and transportation (including all matters incidental to the foregoing) as carried out by the respective member of the Company Group at the Execution Date; and



- (ii) in relation to any Existing Subsidiary, the business of each Existing Subsidiary comprising activities related to oil and gas exploration, development, production and transportation (including all matters incidental to the foregoing) in relation to or arising out of the Portfolio Asset Interest Documents as carried out by the relevant Existing Subsidiary at the Execution Date;

“**Business Day**” means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks are open for business in London, Amsterdam, New York and Dallas, Texas;

“**Claim**” means any claim, demand, legal proceedings or cause of action including any claim, demand, legal proceedings or cause of action under common law or under statute in any way relating to this Agreement and includes a claim, demand, legal proceeding or cause of action arising from a breach of Warranty or under an indemnity in this Agreement and “**Claims**” shall mean all such claims;

“**Company**” means Portfolio Holdings, a company established under the laws of the Cayman Islands, with company number 365125 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 1 of Schedule 1 (*Details of the Company*);

“**Company Act**” means the Company Act 2006 as enacted by the Parliament of the United Kingdom;

“**Company Group**” means the Company and the Subsidiaries;

“**Completion**” means completion of the sale and purchase of the Shares under this Agreement;

“**Completion Date**” means the Business Day that is ten (10) Business Days after (and excluding) the day on which the Conditions have been satisfied or waived in accordance with this Agreement or such other date as the Seller and the Purchaser agree in writing;

“**Conditions**” has the meaning given in Clause 3.1 (*Conditions*);

“**Confidentiality Agreement**” means the confidentiality agreement between Komsos Energy Operating and Shell Exploration Company B.V. dated 11 May 2020;

“**Continuing Provisions**” means those Clauses which are expressed to survive its termination or expiry, or which from their nature or context it is contemplated that they are to survive termination (including Clause 1 (*Interpretation*), Clause 22 (*Assignment*), Clause 23 (*Entire agreement*), Clause 24 (*Notices*), Clause 25 (*Announcements*), Clause 27 (*Confidentiality*), Clause 28 (*Costs and expenses*), Clause 30 (*Severance and validity*), Clause 31 (*Variations*), Clause 32 (*Remedies and waivers*), Clause 33 (*Third party rights*), Clause 34 (*Governing law and jurisdiction*) and Clause 35 (*Agent for service of process*), all of which shall continue to apply after the termination of this Agreement pursuant to Clause 3.11 (*Condition*) or Clause 8.4(c) (*Completion*);

“**Costs**” means all costs, claims, charges, expenses (including legal fees and professional charges), obligations, liabilities and losses of whatever nature, attributable to the relevant Participating Interest, under and in accordance with the relevant JOA.

“**Data Room**” means the electronic data room established by the Seller and to which the Purchaser had access from 3 August 2020 to the Completion Date (both dates inclusive), holding the Data Room Documents;

“**Data Room Documents**” means the documents and data (including correspondence, electronic files, software and information) made available in a physical and/or virtual data room by or on behalf the Seller and/or any other member of the Retained Group and/or any member of the Company Group for inspection by or on behalf of Purchaser and/or any member of the Shell Group (and/or any of their Representatives) in relation to or connected with the Business, Company, its Subsidiaries and/or the PSCs and/or the JOAs as of 1700 hours U.S. Central Daylight time on 28 August 2020: the index and contents of which as contained on one or more USB hard drives which will be provided by Seller to Purchaser within ten (10) days after the Execution Date and which will be initialled by the Parties for identification purposes;

“**Debt**” means, as of any date, any indebtedness outstanding, secured or unsecured, contingent or otherwise, which is for borrowed money including all principal, interest, premiums, fees, expenses, overdrafts and penalties with respect thereto, or evidenced by bonds, notes, debentures or similar instruments or representing the balance deferred and unpaid of the purchase price of any property or service, and shall also include:

1. all obligations for the reimbursement of any obligation or on any letter of credit, banker’s acceptance or similar credit transaction;
2. obligations under any swap, hedge or similar protection device; and
3. any other obligations, contingent or otherwise, that, in accordance with US GAAP, should be classified upon the balance sheet as indebtedness;

“**Designated Person**” means a person or entity:

1. listed in the index to, or otherwise subject to the provisions of, the Executive Order;
2. named as a “*Specially Designated National and Blocked Person*” (“**SDN**”) on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list;
3. in which an entity on the SDN list has 50% or greater ownership interest or that is otherwise controlled by an SDN; or
4. with which the Seller or any member of the Retained Group is prohibited from dealing or otherwise engaging in any transaction by any Sanctions Laws and Regulations;

“**Disclosed**” means fully and fairly disclosed to the Purchaser and/or any member of the Shell Group (and/or any of their Representatives) by or on behalf of the Seller and/or any other member of the Retained Group and/or any member of the Company Group:

1. in the Disclosure Letter; and/or
2. in the Data Room Documents;

“**Disclosure Letter**” means the disclosure letter in the agreed form and dated as of the date of this Agreement, addressed by the Seller to the Purchaser and delivered to the Purchaser before the execution of this Agreement;

“**Dispute**” has the meaning given in Clause 34.2 (*Governing law and jurisdiction*);

“**Documents**” has the meaning given in Clause 10.2(b);

“**Duty**” means any stamp, transaction or registration duty, or similar charge imposed by any Governmental or Regulatory Authority, and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them;

“**Economic Date**” means the first day of the month of the Execution Date;

“**Employee**” means a person who is on the payroll of/employed by any member of the Company Group on the date of this Agreement, save that for the purposes of any provision having effect after Completion, an “**Employee**” shall be a person who is on the payroll of/employed by any member of the Company Group on the Completion Date;

“**Encumbrance**” means any claim, pledge, charge, option, lien (other than liens arising by operation of law in the ordinary course of trading), assignment, mortgage, debenture, hypothecation, security interest, title retention, obligation to purchase an interest, pre-emption right or other rights of any third persons, or any agreement to create any of the above; and “**Encumbered**” and “**Unencumbered**” shall be construed accordingly;

“**Environment**” means living organisms including the ecological systems of which they form part and the following media (alone or in combination): air (including air within natural or man-made structures, whether above or below ground); water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); land (including land under water); soil and land and any ecological systems and living organisms supported by these media;

“**Environmental**” means relating to the Environment;

“**Environmental Indemnity Claim**” means any claim made by Purchaser under Clause 13.2 or 13.3;

“**Environmental Law**” means all laws, international treaties, national, federal, provincial, state or local statutes or regulations (including by-laws and other subordinate legislation), the common law, and any codes and conventions of law (having legal effect) as amended from time to time to which any member of the Retained Group or any member of the Company Group is subject and any obligations owed thereunder or rules in respect thereof,

from time to time, in any relevant jurisdiction (including any guidelines, notes for industry and decommissioning programmes in effect from time to time, in each case having legally binding effect) concerning harm or damage to or protection of the Environment or the provision of remedies in respect of or compensation for harm or damage to the Environment, worker or public health and safety, pollution or decommissioning, abandonment, removing or making safe any property (including platforms, pipelines, plant, machinery, wells (including well and drill cuttings), facilities and all other offshore and onshore installations and structures);

**“Environmental Liabilities”** means any actual or alleged Claims, costs, charges, expenses, losses, liabilities or obligations whether direct or indirect, foreseen or unforeseen, known or unknown, whether or not in the contemplation of the Parties, contingent or actual whether arising in equity or common law, under law, Environmental Law, statute, statutory instrument, regulation, contract, Interest Document or permit, arising in connection with any of the assets of the Company Group, including in relation to cleaning up, decontamination of, plugging and abandoning, removing and disposing of debris or any property (including platforms, pipelines, plant, machinery, wells (including well cuttings), facilities and all other offshore and onshore installations and structures) reinstating any area of land, foreshore or seabed, wherever situated; and including any residual liability for anticipated or necessary continuing insurance, maintenance and monitoring costs, and in all cases irrespective of when such Claims, costs, charges, expenses, liabilities or obligations are or were incurred including whether under past, present or future law, and regardless in each case of any breach of obligation or negligence on the part of any of member of the Retained Group or any Company Group;

**“Environmental Warranties”** means the warranties listed in Clauses 10.2(v) and Clauses 10.2(ss) to 10.2(uu);

**“Excluded Matters”** means any one or more of the following:

1. any country-wide, regional, or industry-wide or other international changes in the social, political, industrial, market, financial or economic conditions in which any member of the Company Group operates or in which the products of any member of the Company Group are used or distributed (including changes in energy, electricity or other operating costs);
2. any changes in stock markets, commodity prices, currency, exchange rates or interest rates;
3. any natural decline in the well production levels, reserves or resources of any member of the Company Group or any reclassification or recalculation of reserves, but in each case excluding a material adverse impact on the reserves or production levels that results from an extraordinary or catastrophic operational incident, blow-out, or similar adverse physical event;
4. any change in laws, regulations or accounting practices, or the enforcement or interpretation thereof, in each case with general application and not specific to a member of the Company Group or any legal or regulatory proceedings related thereto;

5. disease, sickness, pandemic, storms, floods, tornadoes, earthquakes or any other natural disaster; or
6. drilling, completion or production results for any member of the Company Group obtained as a result of activities by or on behalf of any member of the Company Group conducted in accordance with the relevant Interest Documents and in the Ordinary Course of Business;

“**Execution Date**” means the date this Agreement is executed by both the Seller and the Purchaser;

“**Executive Order**” means the US presidential Executive Order No. 13224 of 23 September 2001, entitled Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism or any other order which superseded or amended the Executive Order No. 13224;

“**Existing Subsidiary**” means individually and “**Existing Subsidiaries**” means all of the following:

1. Kosmos Energy Namibia, a company established under the laws of the Cayman Islands, with company number 337033 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 3(a) of Schedule 1 (*Details of the Subsidiary*) (the “**Existing Namibia Subsidiary**”);
2. Kosmos Energy Sao Tome and Principe, a company established under the laws of the Cayman Islands, with company number 301785 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 3(b) of Schedule 1 (*Details of the Subsidiary*) (the “**Existing STP Subsidiary**”); and
3. Kosmos Energy Suriname, a company established under the laws of the Cayman Islands, with company number 256363 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 3(c) of Schedule 1 (*Details of the Subsidiary*) (the “**Existing Suriname Subsidiary**”);

“**Fundamental Warranties**” means any Title Warranty and any of the warranties set out in Clause 10.2(j) to (l) inclusive, 10.2(z) and 10.2(pp);

“**Good and Prudent Oilfield Practice**” means the exercise of that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected to be applied by a skilled and experienced person engaged in the upstream oil and gas industry;

“**Government Official**” means (i) any official, employee, agent, advisor or consultant employed by or acting on behalf of a government or any federal, regional or local department, agency, state-owned or state-operated enterprise or corporation or any other

instrumentality thereof, (ii) any official or employee or agent of a public international organisation designated by Executive Order pursuant to 22 U.S.C. § 288 or as defined in Section 6(6) of the UK Bribery Act 2010 (as amended), (iii) any official or employee or agent of a political party or candidate for political office, (iv) any person acting in an official capacity for a government regardless of rank or position, any official or employee of a company wholly or partially controlled by a government (for example, a state owned oil company), (v) any officer or employee of a public international organisation, such as the United Nations or the World Bank, or (vi) any immediate family member (meaning a spouse, dependent child or household member) of any of the foregoing;

“**Governmental or Regulatory Authority**” means any court, tribunal, arbitrator, legislature, government, ministry, committee, inspectorate, authority, agency, commission, official or other competent authority of any country or any state, as well as any region, city or other political subdivision of any of the foregoing;

“**Health and Safety Law**” means all applicable international, European Union, national, federal, provincial, state, regional or local laws (including common law, statute law, civil, criminal and administrative law), together with all subordinate legislation, decrees, ordinances, bylaws, codes of practice, guidance notes, circulars, technical instructions, decisions, regulations, and judgments issued or made thereunder from time to time (in each case to the extent that they have legal effect), concerning worker or public health and safety, including, for the avoidance of doubt, process safety.

“**ICC**” has the meaning given in Clause 34.2 (*Governing law and jurisdiction*);

“**Initial Consideration**” has the meaning given in Clause 4.1 (*Consideration*);

“**Interest Documents**” means:

1. the PSCs; and
2. the JOAs;

“**Interim Date**” means 15 December 2020 or such earlier or later date as the Parties may agree in writing;

“**JOA**” means individually and “**JOAs**” means all of the following:

1. Namibia JOA: Joint Operating Agreement by and between Shell Namibia Upstream B.V. and the National Petroleum Corporation of Namibia dated February 20, 2015, as amended (“**Namibia JOA**”);
2. Sao Tome and Principe JOAs:
  - i. Block 6 JOA: Joint Operating Agreement by and between Galp Energia Sao Tome e Principe, Unipessoal, LDA and Agencia Nacional do Petroleo de Sao Tome E Principe dated October 26, 2015, as amended (“**Block 6 JOA**”);
  - ii. Block 10 JOA: Joint Operating Agreement by and between BP Exploration (STP) Limited, Kosmos Energy Sao Tome and Principe and Agencia

Nacional do Petroleo de Sao Tome E Principe dated September 20, 2018, as amended (“**Block 10 JOA**”);

- iii. Block 11 JOA: Joint Operating Agreement by and between Agencia Nacional do Petroleo de Sao Tome E Principe, Galp Energia Sao Tome e Principe, Unipessoal, LDA and Kosmos Energy Sao Tome and Principe dated December 13, 2016, as amended (“**Block 11 JOA**”);
  - iv. Block 13 JOA: Joint Operating Agreement by and between BP Exploration (STP) Limited, Kosmos Energy Sao Tome and Principe and Agencia Nacional do Petroleo de Sao Tome E Principe dated September 20, 2018, as amended (“**Block 13 JOA**”);
3. Suriname JOA: Joint Operating Agreement by and between Kosmos Energy Suriname and Chevron Suriname Exploration Limited dated November 29, 2012, as amended (“**Suriname JOA**”);

“**Long Stop Date**” means [\*\*\*] from the Execution Date, or such other date as the Parties may agree in writing;

“**Loss**” or “**Losses**” means all demands, losses, liabilities, actions, proceedings and claims, including charges, costs, damages, payments, fines, penalties, interest and all reasonable legal and other professional fees and expenses, including, in each case, all related Taxes, in any case of any nature whatsoever;

“**MAC Event**” means any event, change, circumstance, effect or other matter (or series of related events, changes, circumstances, effects or other matters on the Portfolio Assets or the rights or liabilities of any of the Company Group, the Business, the financial condition or the operations of any of the Company Group or the operations conducted or to be conducted pursuant to the Portfolio Assets that results in or has resulted in a Material Effect, provided that under no circumstances shall a MAC Event result in any way from an Excluded Matter;

“**Material Contract**” means a contract, agreement, arrangement, guarantee or indemnity to which a member of the Company Group is a party, from which a member of the Company Group benefits or which imposes obligations on a member of the Company Group, in each case which (a) involves payments or receipts by a member of the Company Group of more than USD 25,000 (twenty five thousand Dollars) over its term; (b) involves the giving of a guarantee or indemnity by a member of the Company Group; or (c) is not on arm’s length terms;

“**Material Effect**” means:

1. Losses suffered or incurred (or that could reasonably be expected to be so suffered or incurred) by any member of the Company Group exceeding, whether individually or in the aggregate, an amount equal to [\*\*\*] of the Initial Consideration;
2. a diminution in value of the Shares exceeding, whether individually or in the aggregate, an amount equal to [\*\*\*] of the Initial Consideration; or

3. the termination or withdrawal of any of the Interest Documents.

“**Namibia Portfolio Asset**” means an undivided forty-five percent (45%) Participating Interest in the Namibia PSC and the Namibia JOA;

“**OFAC**” means the U.S. Department of the Treasury Office of Foreign Assets Control;

“**Operator**” means the operator appointed under Portfolio Asset Interest Document;

“**Ordinary Course of Business**” means the activities of the Existing Subsidiaries or the Company Group (as appropriate) that are taken in the course of the normal day-to-day operations of the Existing Subsidiaries or the Company Group (as appropriate), consistent with:

1. applicable law and regulations;
2. Good and Prudent Oilfield Practices; and
3. their by-laws or articles of association;

“**Partial Completion**” has the meaning given in Clause 3.9;

“**Participating Interest**” means as to any holder of a Portfolio Asset, the undivided interest of such party expressed as a percentage of the total interest of all parties in the rights and obligations derived from the Portfolio Asset;

“**Pontoenoe-1Well**” means the exploration well drilled prior to the Execution Date pursuant to the Suriname PSC with Surface Location Lat: N 8° 8' 37.27794” and Long: W 55° 59' 23.95290”;

“**Portfolio Agreement**” means an agreement by and between the Seller and the Purchaser entered on or about the Execution Date of this Agreement and addressing certain matters;

“**Portfolio Asset**” means individually and “**Portfolio Assets**” means all of: the Namibia Portfolio Assets, the STP Portfolio Assets and the Suriname Portfolio Assets;

“**Portfolio Asset Interest Documents**” means all of the following and “**Portfolio Asset Interest Document**” means individually:

1. the PSCs;
2. the JOAs; and
3. the Technical Services Agreement;

“**PSC**” means individually and “**PSCs**” means all of the following:

1. Namibia PSC: Petroleum Agreement by and between the Government of Republic of Namibia and Signet Petroleum Limited, Cricket Investments (Proprietary) Limited and the National Petroleum Corporation of Namibia dated 17 June 2011 in respect of



petroleum exploration license PEL 0039, pertaining to offshore blocks 2913A and 2914B, as amended (“**Namibia PSC**”);

2. Sao Tome and Principe PSCs (“STP PSCs”):

- v. Block 6: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe and Galp Energia Sao Tome e Principe, Unipessoal, LDA dated October 26, 2015, as amended (“**Block 6 PSC**”);
- vi. Block 10: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe, BP Exploration (STP) Limited and Kosmos Energy Sao Tome and Principe dated March 9, 2018, as amended (“**Block 10 PSC**”);
- vii. Block 11: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe and ERHC Energy EEZ, LDA dated July 23, 2014, as amended (“**Block 11 PSC**”); and
- viii. Block 13: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe, BP Exploration (STP) Limited and Kosmos Energy Sao Tome and Principe dated March 9, 2018, as amended (“**Block 13 PSC**”);

3. Suriname PSC: Production Sharing Contract for Exploration, Development and Production by and between Staatsolie Maatschappij Suriname N.V. and Kosmos Energy Suriname dated December 13, 2011, as amended (“**Suriname PSC**”);

“**Purchaser’s Warranties**” means the warranties referred to in Clause 12 (*Purchaser’s warranties and undertakings*);

“**Related Persons**” has the meaning given in Clause 23.3 (*Entire agreement*);

“**Representatives**” means, in relation to a person, its directors, officers, employees, agent, external legal advisers, accountants, consultants, financial advisers and bankers;

“**Retained Group**” means the Seller, the Ultimate Parent Company of the Seller and the Ultimate Parent Company’s Affiliates from time to time, but excluding the Company Group after the Completion Date;

“**Rules**” has the meaning given in Clause 34.2 (*Governing law and jurisdiction*);

“**Sanctions Laws and Regulations**” means (i) any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the Executive Order, the USA Patriot Act of 2001, the Iran Threat Reduction and Syria Human Rights Act of 2012, the U.S. International Emergency Economic Powers Act (50 U.S.C. §§ 1701 et seq.), the U.S. Trading with the Enemy Act (50 U.S.C. App. §§ 1 et seq.), the U.S. United Nations Participation Act, the U.S. Syria Accountability and Lebanese Sovereignty Act, the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Iran Sanctions Act, or Section 1245 of the National Defense Authorization Act of 2012, all as amended, or any of the foreign assets control regulations (including but not limited to 31



1. KE Namibia Company, a company established under the laws of the Cayman Islands, with company number 365398 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 2(a) of Schedule 1 (*Details of the Subsidiary*) (the “**Namibia Subsidiary**”);
2. KE STP Company, a company established under the laws of the Cayman Islands, with company number 365397 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 2(b) of Schedule 1 (*Details of the Subsidiary*) (the “**STP Subsidiary**”); and
3. KE Suriname Company, a company established under the laws of the Cayman Islands, with company number 365493 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 2(c) of Schedule 1 (*Details of the Subsidiary*) (the “**Suriname Subsidiary**”);

“**Subsidiary Shares**” means:

1. 50,000 ordinary shares each with a par value of USD 1 each in KE Namibia Company, a company established under the laws of the Cayman Islands, with company number 365398 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 2 of Schedule 1 (*Details of the Subsidiary*), representing 100% of the shares in the issued share capital of the Subsidiary;
2. 50,000 ordinary shares each with a par value of USD 1 each in KE STP Company, a company established under the laws of the Cayman Islands, with company number 365397 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 3 of Schedule 1 (*Details of the Subsidiary*) representing 100% of the shares in the issued share capital of the Subsidiary; and
3. 50,000 ordinary shares each with a par value of USD 1 each in KE Suriname Company, a company established under the laws of Cayman Islands, with company number 365493 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, further details of which are set out in Part 4 of Schedule 1 (*Details of the Subsidiary*) representing 100% of the shares in the issued share capital of the Subsidiary;

“**Suriname Portfolio Asset**” means an undivided thirty-three decimal thirty-three percent (33.33%) Participating Interest in the Suriname PSC and the Suriname JOA.

“**Suriname Transitional Operator Services Agreement**” means the transitional operator services agreement relating to certain transitional services to be provided by the Retained

Group to the Suriname Subsidiary and Purchaser, to be entered into on the Execution Date substantially in the form set out in Schedule 6(b);

“**Tax**” and “**Taxation**” means:

1. all taxes, assessments, charges, duties, fees, levies or other governmental charges in the nature of a tax, including all national, federal, state, local, municipal, foreign and other income, franchise, profits, gross receipts, capital gains, capital stock, transfer, property, sales, use, value-added, occupational, excise, severance, windfall profits, stamp, licence, payroll, social security, royalties, withholding and other taxes, assessments, charges, duties, fees, levies or other governmental charges in the nature of a tax (whether payable directly or by withholding, whether or not requiring filing, whether chargeable directly or primarily against or attributable directly or primarily to any member of the Company Group or any other person and whether any amount in respect of any of them is recoverable from any other person) in each case, wherever and whenever imposed by any Tax Authority; and
2. all penalties, charges, fines, costs and interest included in or relating to any Taxation falling in paragraph (a) above;

“**Tax Authority**” means any Governmental or Regulatory Authority or other authority anywhere in the world that has the power to impose, administer, levy, assess or collect any Tax;

“**Tax Records**” means all Books and Records, returns, information, statements, accounts, registrations, computations, disclosures, notices, claims, disclaimers, elections, surrenders and applications relating to Tax;

“**Tax Warranties**” means the warranties set out in Clause 10.2(aaa) to Clause 10.2(III) inclusive;

“**Tax Statute**” any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax, or providing for the reporting, collection, assessment or administration of any Tax liability, and shall include orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision that amends, extends, consolidates or replaces the same or that has been amended, extended, consolidated or replaced by the same;

“**Title Warranties**” means the warranties set out in Clause 10.2(a) to Clause 10.2(i) inclusive, Clause 10.2(p) to Clause 10.2(s) inclusive and Clause 10.2(hh) (*Seller’s warranties*);

“**Transaction**” means the sale and purchase of the Shares and the Subsidiary Shares (as appropriate), pursuant to and in accordance with this Agreement;

“**Transaction Documents**” means:

1. this Agreement;

2. the Portfolio Agreement;
3. the Disclosure Letter;
4. the Transitional Operator Services Agreements;

and “**Transaction Document**” shall mean any of them;

“**Transitional Operator Services Agreement**” means individually and “**Transitional Operator Services Agreements**” means both the Suriname Transitional Operator Services Agreement and the STP Transitional Operator Services Agreement;

“**Ultimate Parent Company**” means, in relation to the Purchaser, Royal Dutch Shell plc, and, in relation to the Seller, Kosmos Energy Ltd.;

“**US GAAP**” means the United States generally accepted accounting principles in effect from time to time;

“**USD**”, “**Dollars**” or “**\$**” means the lawful currency of the United States of America;

“**Warranties**” means the warranties set out in Clause 10 (*Seller’s warranties*) and Clause 16 (*Mutual warranties*) given by the Seller and “**Warranty**” shall be construed accordingly;

“**Warranty Claim**” means any claim made under the Warranties;

“**Wilful Misconduct**” means any act or failure to act (whether sole, joint, or concurrent) by a person or entity which was intended to cause, or which was in reckless disregard of or wanton indifference to, the harmful consequences such person or entity knew, or should have known such act or failure would have on the safety or property of another person or entity or the environment; and

“**Working Hours**” means, in relation to any location, 9.30 a.m. to 5.30 p.m. at such location on a Business Day.

- b.. The expression “**in the agreed form**” means in the form agreed between the Parties and signed for the purposes of identification by or on behalf of the Parties.
- c.. Any reference to “**writing**” or “**written**” means any method of reproducing words in a legible and non-transitory form (excluding, for the avoidance of doubt, email).
- d.. References to “**include**” or “**including**” are to be construed without limitation.
- e.. References to a “**company**” include any company, corporation or other body corporate wherever and however incorporated or established.
- f.. a “**day**” (including within the expression “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight.

- g.. References to a “**person**” include any individual, company, partnership, joint venture, firm, association, trust, Governmental or Regulatory Authority or other body or entity (whether or not having separate legal personality).
- h.. The expressions “**body corporate**”, “**holding company**”, “**parent undertaking**”, “**subsidiary**” and “**subsidiary undertaking**” shall have the meaning given in the Company Act.
- i.. The table of contents and headings are inserted for convenience only and do not affect the construction of this Agreement.
- j.. Unless the context otherwise requires, words in the singular include the plural and vice versa and a reference to any gender includes all other genders.
- k.. References to Clauses, paragraphs and Schedules are to clauses and paragraphs of, and schedules to, this Agreement. The Schedules form part of this Agreement.
- l.. References to any statute or statutory provision include a reference to that statute or statutory provision as amended, consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any subordinate legislation made under the relevant statute or statutory provision except to the extent that any amendment, consolidation or replacement would increase or extend the liability of any Party to another under this Agreement.
- m.. References to any English legal term for any action, remedy, method of judicial proceedings, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England or Wales, be deemed to include what most nearly approximates in that jurisdiction to the English legal term.
- n.. All payments required in accordance with this Agreement shall be made in USD. For the purposes of applying a reference to a monetary sum expressed in USD, an amount in a different currency shall be converted into USD on a particular date at an exchange rate equal to the mid-point closing rate for converting that currency into USD on that date as quoted in the New York edition of the Financial Times first next published (or, if no such rate is quoted in the Financial Times, the mid-point closing rate quoted by Barclays Bank PLC in London). In relation to a Claim, the date of such conversion shall be the date of receipt of notice of that Claim in accordance with Schedule 3 (*Limitations on Liability*).
- o.. This Agreement shall be binding on and be for the benefit of the successors of the Parties.

## **2. Sale and purchase**

- a.. The Seller shall sell, with full title guarantee as provided in the Title Warranties, the Shares and the Purchaser shall purchase the Shares with all rights attaching or accruing to them at Completion on the terms of this Agreement.
- b.. The Seller shall transfer the title to the Shares to the Purchaser free from all Encumbrances.

### 3. Conditions

- a.. The obligations of the Purchaser to complete the sale and purchase of the Shares are in all respects conditional on the satisfaction (or waiver, as the case may be) of the following conditions (the “**Conditions**”)
5. [\*\*\*]
  6. [\*\*\*]
  7. [\*\*\*]
  8. [\*\*\*]
  9. [\*\*\*]
  10. [\*\*\*]
  11. [\*\*\*]
  12. [\*\*\*]
  13. [\*\*\*]
  14. [\*\*\*]

The Conditions in paragraphs (a), (b), (c), (d), (h) and (j) to the extent they relate to the STP Portfolio Asset are the “**STP Conditions**”, the Condition in paragraph (e), (h) and (i) to the extent they relate to the Suriname Portfolio are the “**Suriname Condition**” and the Condition in paragraph (f), (g) and (h) to the extent they relate to the Namibia Portfolio Asset are the “**Namibia Conditions**”.

- b.. The Seller shall use its reasonable endeavours to fulfil or procure the fulfilment of the Conditions set forth in paragraphs (a), (c), (d), (e), (i) and (j) as soon as practicable and, in any event, no later than the Long Stop Date.
- c.. The Purchaser shall use its reasonable endeavours to fulfil or procure the fulfilment of the Conditions set forth in paragraphs (b), (f) and (h) as soon as practicable and, in any event, no later than the Long Stop Date.
- d.. The Purchaser and the Seller shall each use their respective reasonable endeavours to fulfil or procure the fulfilment of the Condition set out in paragraph (g) as soon as practicable and, in any event, no later than the Long Stop Date.
- e.. The Purchaser and the Seller shall use their respective reasonable endeavours to agree a joint engagement plan under which they shall work together to achieve satisfaction of the Conditions.
- f.. The Purchaser may waive in whole or in part any or all of the Conditions.

- g.. The Seller undertakes to notify the Purchaser in writing, and the Purchaser undertakes to notify the Seller in writing, of anything which will or may prevent the Conditions from being satisfied on or before the Long Stop Date promptly after it comes to its attention.
- h.. Each Party undertakes to notify the other Party as soon as possible on becoming aware that any of the Conditions has been satisfied and in any event within two (2) Business Days of such satisfaction.
- i.. If the Namibia Conditions, the STP Conditions and/or the Suriname Conditions but not all of them, are satisfied or waived on or before the Interim Date, the Parties will proceed to Completion in accordance with Article 8 (*Completion*) in respect of Subsidiary(ies) for which the Conditions have been satisfied or waived (“**Partial Completion**”) and the Seller shall sell and the Purchaser shall purchase the Shares, including the Subsidiary Shares for the relevant Subsidiary(ies) for which the Conditions have been satisfied or waived provided that:
  - 15. prior to Partial Completion, the Seller shall procure that the Company transfers the Subsidiary Shares for the relevant Subsidiary(ies) for which the Conditions have not been satisfied to Seller and shall confirm, prior to Partial Completion, that the same has been completed in writing to the Purchaser;
  - 16. if only the Namibia Conditions are satisfied or waived on or before the Interim Date, the Parties are not obliged to proceed to Partial Completion; and
  - 17. the Initial Consideration payable at Partial Completion shall be the relevant Namibia Consideration, Suriname Consideration and/or STP Consideration (as appropriate) under Clause 4 and the Initial Consideration under Clause 4 (*Consideration*) payable at Completion shall be reduced by the Namibia Consideration, Suriname Consideration and/or the STP Consideration paid at Partial Completion under this Clause 3.9.
- j.. If the Namibia Conditions, STP Conditions or the Suriname Conditions, which had not been satisfied or waived on or before Partial Completion, are subsequently satisfied or waived before the Long Stop Date, the Parties will proceed to Completion and the Seller shall sell and the Purchaser shall purchase, or procure that a Shell Affiliate shall purchase, the relevant Subsidiary Shares, not included in a Partial Completion, at Completion in accordance with Clause 4 provided that the Initial Consideration payable at Completion under Clause 4 (*Consideration*) shall be reduced by the Namibia Consideration, Suriname Consideration and/or the STP Consideration paid at Partial Completion under Clause 3.9. Where a Shell Affiliate has so purchased the relevant Subsidiary Shares, such Shell Affiliate shall to such extent benefit from and be entitled to enforce the relevant rights of the Purchaser under this Agreement and this Agreement shall be construed accordingly.
- k.. If either the STP Conditions or the Suriname Conditions are not fulfilled or waived on or before the Long Stop Date or the Namibia Conditions are the only Conditions fulfilled or waived on or before the Long Stop Date, then unless the Parties otherwise agree in writing, this Agreement shall be terminated as it relates to the Namibia Subsidiary and the relevant Subsidiaries for which the Conditions have not been met with immediate effect upon receipt



of a termination Notice by the Purchaser or the Seller subject to, and on the basis set out in, Clause 14.3 (*Termination*).

#### **4. Consideration**

##### **Initial Consideration**

a.. The initial consideration for the sale and purchase of the Shares shall be an aggregate amount equal to [\*\*\*] (the “**Initial Consideration**”), allocated as per the following:

18. [\*\*\*] to Subsidiary Shares of Namibia Subsidiary (“**Namibia Consideration**”);
19. [\*\*\*] to Subsidiary Shares of STP Subsidiary further sub-allocated between the relevant Blocks as below:
  - ix. Block 6 – [\*\*\*];
  - x. Block 10 – [\*\*\*];
  - xi. Block 11 – [\*\*\*]; and
  - xii. Block 13 – [\*\*\*](combined “**STP Consideration**”); and
20. [\*\*\*] to Subsidiary Shares of Suriname Subsidiary (“**Suriname Consideration**”)

as adjusted pursuant to the provisions of this Clause 4.

##### **Initial Adjusted Consideration**

b.. Notwithstanding the provisions of Clause 4.1 but subject always to the provisions of Clause 3.9, the Parties agree that:

21. the Initial Consideration shall be reduced to reflect the allocation of the Consideration set out in Clause 4.1 in respect of any Subsidiary for which the relevant Conditions are not fulfilled or waived on or before the Long Stop Date; and
22. in the event that a portion of the relevant Participating Interest in the Namibia Portfolio Asset is pre-empted by the National Petroleum Corporation of Namibia pursuant to the Namibia PSC and/or the Namibia JOA, the Purchaser shall cause that its Affiliate also exercises any right of pre-emption under the Namibia PSC and/or Namibia JOA, the amount of the Initial Consideration allocated in respect of the relevant pre-empted Portfolio Asset shall be reduced and borne by Shell pro rata to the Participating Interest acquired by Shell in the relevant Portfolio Asset and the Participating Interest and the Paying Interests in Clause 10.2(p) and (q) shall be proportionately reduced.

##### **Additional Consideration**

c.. The Initial Consideration shall be the total consideration due and payable under this Agreement. [\*\*\*]

## 5. Pre-Completion Obligations

- a.. On and from the Execution Date, Seller shall not, while this Agreement remains effective, discuss, actively solicit (including by keeping open or opening any data room) accept or negotiate any offer from any other persons or entities regarding the purchase of any of the Portfolio Assets, and will immediately terminate, or procure the termination of, any negotiations and discussions currently taking place in respect of any and all of the Portfolio Assets.
- b.. Prior to Completion or Partial Completion as appropriate, the Parties shall agree the form and content of the agreement to be entered into under which the relevant Existing Subsidiary shall transfer to the relevant Subsidiary only the relevant rights, title and interests under each of the relevant Portfolio Asset Interest Documents and to achieve the position set out in Clauses 10.2(p), 10.2(q), Clause 10.2(hh), 10.2(kk) and 10.2(rr) (“**Inter Affiliate Transfer Agreement**”). At Completion or Partial Completion (as appropriate) the Seller shall deliver to the Purchaser a copy of each relevant executed Inter Affiliate Transfer Agreement in accordance with Part 1 of Schedule 2 (*Completion Arrangements*).
- c.. Subject to Clause 5.2 and to any applicable Laws relating to competition or antitrust matters, the Seller shall in relation to the Portfolio Assets from the Execution Date until Partial Completion or Completion, as applicable, and shall procure that each member of the Company Group and each Existing Subsidiary will:
23. conduct its business in the Ordinary Course of Business in accordance with all Laws and in substantially the same manner as in the twenty four (24) months prior to the Execution Date (including the payment of any Tax and the submission of any return in connection with Tax which is required to be paid or submitted on or prior to Completion);
  24. use reasonable endeavours to obtain non-Affiliated parties to each JOA and any other non-Affiliated committee members consent, to permit the Purchaser, at the Purchaser’s sole cost to appoint an observer to attend any material meetings affecting the Portfolio Asset Interest Documents (including operating committee meetings and technical committee meetings under each JOA), provided that any such meeting shall proceed irrespective of whether such appointee is in attendance;
  25. use reasonable endeavours to obtain Governmental and Regulatory Authority consent, to permit the Purchaser, at the Purchaser’s sole cost to appoint an observer to attend any material meetings affecting the Portfolio Asset Interest Documents (including any Governmental or Regulatory Authority committee meetings under each PSC), provided that any such meeting shall proceed irrespective of whether such appointee is in attendance;
  26. to the extent necessary to permit the Purchaser to reasonably protect its interests, rights and obligations under this Agreement, procure that Purchaser and a reasonable number of persons authorised by it are given reasonable access at reasonable times,

on reasonable advance notice and at the Purchaser's sole cost, to all Books and Records, material documents, material information and data reasonably requested by Purchaser relating to all material facts, matters and things in respect of the Company Group and the Portfolio Asset Interest Documents save to the extent that such access might be reasonably expected to result in a loss of any legal professional privilege;

27. conduct its affairs in relation to each PSC materially in accordance with and in compliance with the Portfolio Asset Interest Documents (including taking all reasonable steps to ensure that the PSC is protected and maintained) and to not agree with any person (including a Governmental or Regulatory Authority) to, or allow, any adverse modification of, or revocation, or amendment, or suspension of any approval, permit or consent save where required by applicable law or a Governmental or Regulatory Authority;
28. settle all debts arising out of or related to the Portfolio Asset Interest Documents and incurred in the Ordinary Course of Business within the applicable periods of credit;
29. make prompt disclosure to Purchaser of all relevant information which comes to its notice in relation to any fact or matter (whether existing on or before the Execution Date or arising afterwards and including any omission to act) which may constitute a breach of any Warranty or any other provision of this Agreement or which relate to any fact matter or circumstance which will or is reasonably likely to constitute or result in a MAC Event; and
30. maintain in force policies of insurance including in relation to the Business and the assets of the Company Group and the Portfolio Asset Interest Documents and operations under each in the Ordinary Course of Business and substantially in the same manner and to the same extent as prior to the Execution Date and pay all premia thereon and not do anything which would make any policy of insurance void or voidable;

provided that neither the Seller nor any member of the Company Group or any Existing Subsidiary shall be required to comply with paragraphs (b), (c) or (d) above, where the Seller reasonably believes that doing so would lead to the disclosure of any proprietary or commercially sensitive information relating to the Seller or any of its Affiliates (other than information relating solely to the Business and/or any member of the Company Group) not covered by an obligation of confidentiality.

- d.. Notwithstanding Clause 5.3, except as may be required or permitted by this Agreement or as may be required by any applicable law or any Governmental or Regulatory Authority, the Seller shall not and shall procure that, no member of the Company Group and no Existing Subsidiary in the period between the Execution Date and the Partial Completion and/or the Completion, as applicable Date shall do any of the following without the prior written consent of Purchaser (such consent not to be unreasonably withheld, conditioned or delayed):
  31. make any material decision in connection with or under any of the Portfolio Asset Interest Documents including any such decisions at any operating committee

meetings, technical committee meetings or Governmental or Regulatory Authority meetings which is not in the Ordinary Course of Business;

32. transfer, sell, lease or otherwise dispose of the Portfolio Assets or any part thereof to any third party, except that Company will procure that the Existing Subsidiaries transfer the Portfolio Assets to the Subsidiaries immediately prior to Partial Completion or Completion, as applicable;
33. except as provided in Clause 3.9, sell or agree to sell the Shares, the Existing Subsidiary shares or the Subsidiary Shares (in whole or in part) to a third party or accept any offer from a third party to purchase the Shares, the Existing Subsidiary shares or the Subsidiary Shares (in whole or in part);
34. create, purchase, redeem, allot or issue any class of marketable security or loan capital, or create any shares in any member of the Company Group, or give, create or enter into any option over shares in a member of the Company Group;
35. create or grant, or agree to create or grant, any Encumbrance over the Shares or the Subsidiary Shares or over any material assets of a member of the Company Group or over the Portfolio Assets;
36. acquire, sell, transfer, lease, licence or dispose of any assets of any member of the Company Group (in whole or in part);
37. in respect of any member of the Company Group only, grant any guarantees or indemnities for the benefit of any person;
38. grant any loans by any member of the Company Group other than credit under usual terms or write off or release any Debts;
39. voluntarily surrender, withdraw from, abandon, amend, terminate or agree to amend or terminate any of the Portfolio Asset Interest Documents (in whole or in part);
40. agree with any person (including a Governmental or Regulatory Authority) to, or allow, any adverse modification of, or revocation, or amendment, or suspension of any approval, permit or consent save where required by Law;
41. waive or agree to waive any of its rights or remedies under the Portfolio Asset Interest Documents in so far as such rights and remedies materially affect any of the Portfolio Asset Interest Documents;
42. in respect of any member of the Company Group only, enter into any contract, agreement or arrangement which, once entered into, would be a Material Contract;
43. propose any scheme or plan of arrangement, reconstruction, amalgamation, merger or demerger in respect of the Company Group or acquire shares or assets or business in any undertaking or participate in, or terminate any participation in, any partnership or joint venture, provided that the Subsidiaries may acquire the Portfolio Assets from the Existing Subsidiaries immediately before Partial Completion or Completion, as applicable, as provided in Clause 3.9;

44. propose any winding-up or liquidation of any member of the Company Group or Existing Subsidiary;
45. make any material change in the nature or organisation of the business of any member of the Company Group;
46. discontinue, cease to operate or wind up, or resolve to do any of the foregoing, as to all or any material part of the Business of any member of the Company Group or Existing Subsidiary;
47. in respect of any member of the Company Group only, undertake any corporate restructure or reorganisation except as provided in Clause 3.9;
48. make or permit any alterations to the constitution of any member of the Company Group;
49. make or announce any variation to the terms and conditions of employment of or in respect of employment of the directors or **Employees** or to any arrangement with any consultants of any member of the Company Group other than in the Ordinary Course of Business;
50. except for the local agent in the Cayman Islands, recruit, appoint, employ or offer to appoint or employ any person with respect to any member of the Company Group;
51. in respect of any member of the Company Group only, dismiss any Employee other than in the Ordinary Course of Business;
52. in respect of any member of the Company Group only, incur or pay any management charge or make any other payment in each case to any member of the Retained Group or their Representatives;
53. institute, abandon or settle any material legal proceedings (except debt collection in the Ordinary Course of Business) against or otherwise involving any member of the Company Group or make any admission of material liability by or on behalf of any member of the Company Group;
54. make, revoke or amend any Tax election or, other than as expressly required to satisfy the Condition, settle or compromise any Tax liability or agree to an extension or waiver of the limitation period to any Tax claim made by any Tax Authority or grant any power of attorney with respect to Taxes or enter into any closing agreement with respect to any Tax;
55. change any method of accounting for Tax purposes or otherwise;
56. file any amended income Tax return or other material amended Tax return;
57. determine to lift the Force Majeure in respect of the Block 10 PSC and/or the Block 13 PSC.

e.. Clause 5.4 does not apply in respect of and shall not operate so as to restrict or prevent:

58. any matter reasonably and prudently undertaken in an emergency or disaster situation with the intention of and to the extent only of those matters strictly required with a view to minimising any adverse effect of such situation (and of which the Purchaser will be promptly notified in writing);
  59. the completion or performance of any obligations undertaken pursuant to any agreement Disclosed prior to the date of this Agreement and which was entered into prior to the date of this Agreement (other than a legal or contractual obligation incurred in breach of this Agreement);
  60. any matter expressly permitted by, or necessary for performance of, this Agreement (including, for the avoidance of doubt, the satisfaction of the Conditions and the performance of any of the Transaction Documents or necessary for Partial Completion or Completion);
  61. any matter undertaken at the request of the Purchaser (subject to the Seller being able to undertake such matter);
  62. providing information to any Governmental or Regulatory Authority in the Ordinary Course of Business; and
  63. any matter to the extent required by applicable law.
- f.. It would be unreasonable for the Purchaser to withhold their consent under Clause 5.4 if the consent being sought is reasonably necessary to maintain the present status or condition of any of the Portfolio Assets of the Company Group or Existing Subsidiary in accordance with Good and Prudent Oilfield Practice and/or in order to comply with its obligations under the Portfolio Asset Interest Documents as Disclosed prior to the Execution Date.

**6. Not Used**

**7. Not Used**

**8. Completion**

- a.. Completion shall take place on the Completion Date or the date of Partial Completion (as appropriate) at the offices of the Seller in London or at such other place as is agreed in writing by the Seller and Purchaser. Completion will not occur any earlier than the Interim Date, unless otherwise agreed by the Seller and the Purchaser.
- b.. Partial Completion may take place as provided in Clause 3.9.
- c.. The Seller shall procure that each contract with an Affiliate and any other contract or arrangement to which a Company Group is a party (with the exception of the Portfolio Asset Interest Documents and the relevant Inter Affiliate Transfer Agreement) shall be terminated at Partial Completion or Completion, as applicable.
- d.. At Completion or Partial Completion (as appropriate) the Seller shall do those things listed in Part 1 of Schedule 2 (*Completion Arrangements*) and the Purchaser shall do those things listed in Part 2 of Schedule 2 (*Completion Arrangements*).

- e.. If there is a material breach of Clause 8.4 and Schedule 2 (*Completion Arrangements*) on the Completion Date or the date of Partial Completion (as appropriate), the Seller or, as the case may be, the Purchaser may (provided, that the Seller or the Purchaser (as applicable) has not itself materially breached Clause 8.3 and Schedule 2 (*Completion Arrangements*):
64. defer Completion (with the provisions of this Clause 8 applying to Completion as so deferred);
  65. waive all or any of the requirements contained or referred to in Clause 8.4 of which there has been a material breach by the other Party and at its discretion and proceed to Completion or Partial Completion (as appropriate) as far as practicable (without limiting its rights and remedies under this Agreement); or
  66. terminate this Agreement by written notice to the other Parties, provided that the Parties' accrued rights and obligations under this Agreement and their rights and obligations under the Continuing Provisions shall continue, but in all other respects the Parties' rights and obligations under this Agreement shall cease.

## **9. Post-completion covenants**

- a.. Following Partial Completion or Completion, as applicable, the Purchaser undertakes to the Seller not to bring (and to procure that no other member of the Shell Group) any action, challenge, claim or proceeding, against all Senior Managers in respect of any action (or inaction), conduct, default or omission of any such person prior to Completion except in the case of fraud, fraudulent misstatement or misrepresentation or Wilful Misconduct.
- b.. Following Partial Completion or Completion, as applicable, the Seller will procure that each Existing Subsidiary will provide the relevant Subsidiary holding each Portfolio Asset:
67. within thirty (30) days with the original Books and Records maintained by the Existing Subsidiary in relation to operations under the Portfolio Asset Interest Documents; and
  68. within five (5) Business Days with the balance remaining on the date of Partial Completion or Completion, as applicable, in the Joint Account (as defined in the relevant JOA) maintained by such Existing Subsidiary under the relevant JOA.
- c.. Seller and Purchaser agree that, except for the liability to pay the Initial Consideration pursuant to Clause 4, applying the Accruals Basis of Accounting and subject to Partial Completion or Completion, as applicable, taking place:
69. Seller shall be liable for all Costs in respect of relating to or arising from the relevant Participating Interest which accrue in or relate to any period before the Economic Date and the Seller shall be entitled to all income, receipts, rebates and any other benefits (together "Benefits") arising out of or relating to the relevant Participating Interest which accrue in or relate to any period before the Economic Date under and in accordance with the relevant JOA;
  70. Purchaser shall be liable for all Costs and entitled to all Benefits in respect of, relating to or arising from the relevant Participating Interest, which accrue in or

relate to any period on and from the Economic Date under and in accordance with the relevant JOA; and

71. the Parties shall make whatever adjustments and payments from one to the other as are necessary in accordance with Clause 9.4 to reflect such allocation of Costs and Benefits.
- d.. Following Partial Completion or Completion, as applicable, any sums to be paid or reimbursed in accordance with Clause 9.3 shall be paid or reimbursed within thirty (30) Days of receipt of any invoice therefore to the Seller's Designated Account or the Shell's Designated Account (as the case may be).
- e.. Within a six (6) month period following the payment of the relevant invoice in accordance with Clause 9.4, the Seller or the Purchaser (or the relevant Subsidiary) at their sole cost, upon at least fifteen (15) days advance notice in writing, shall have the right to audit the accounts and records of the Seller or Purchaser (and/or the Existing Subsidiary) as they relate to such invoice, including all cash calls, billings and refunds relating thereto. The Seller or Purchaser shall provide, or procure the provision of in a timely manner: copies of and access to such documents and information in respect of such invoice and other items as reasonably requested, and such other reasonable assistance as the Seller or the Purchaser (or the relevant Subsidiary) may require in relation to such audit.

## **10. Seller's warranties**

- a.. Any Warranties that are qualified by the knowledge, belief or awareness of the Seller or with a similar qualification as to the Seller's knowledge, belief or awareness, shall mean the actual knowledge, belief or awareness of that fact, matter or circumstance of the Senior Managers or any director or officer of the Seller or any member of the Company Group or any Existing Subsidiary (having made all reasonable enquiries of such other Senior Managers, officers and directors), provided, that, in the event of any breach or claim with respect to the Warranties, such individuals shall not incur any liability under the Agreement on the basis of their responses to such enquiry and the Seller hereby acknowledges and agrees that it shall not be entitled to raise as a defence to a claim by the Purchaser under any of the Transaction Documents the fact that it had relied on information provided to it by any member of the Company Group or any Existing Subsidiary, any Senior Manager, director, officer or employee of any member of the Company Group or Existing Subsidiary.
- b.. The Seller warrants to the Purchaser as of the Execution Date and as of the date of Partial Completion or the Completion Date, as applicable that:

### **Incorporation and Authority**

72. The Seller is a company duly incorporated and validly existing and in good standing under laws of the Cayman Islands and has full corporate power and authority to carry on its business as it is now being conducted and to own the assets it now owns and each member of the Company Group and each Existing Subsidiary is a company duly incorporated and validly existing and in good standing under laws of the Cayman Islands and each has full corporate power and authority to carry on its business as it is now being conducted and to own the assets it now owns.



73. The Seller has full power and authority, and has received all necessary approvals including where relevant shareholder approvals, to enter into and perform this Agreement, to enter into and perform the other Transaction Documents to which it is a party and all other documents executed by the Seller which are to be delivered at Partial Completion or Completion, as applicable (together, the “**Documents**”), each of which constitutes (when executed) legal, valid and binding obligations of the Seller in accordance with its respective terms.
74. The execution, delivery and performance by the Seller of the Documents will not constitute a breach of any laws or regulations in any relevant jurisdiction or result in a breach of or constitute a default under any provision of the memorandum and articles of association of the Seller; any order, judgment or decree of any court or Governmental or Regulatory Authority by which the Seller, or any member of the Company Group or each Existing Subsidiary is bound; any agreement or instrument to which the Seller or any member of the Company Group or any Existing Subsidiary is a party or by which it is bound; or require the consent of its shareholders.
75. The Seller and any member of the Company Group or any Existing Subsidiary are not insolvent or unable to pay its debts within the meaning of the Insolvency Act 1986 (or under the insolvency laws of any applicable jurisdiction) or has stopped paying debts as they fall due. No order has been made, petition presented or resolution passed for the winding up of the Seller or any member of the Company Group or any Existing Subsidiary. No administrator or any receiver or manager has been appointed by any person in respect of the Seller or any member of the Company Group or any Existing Subsidiary or all or any of its or their assets and no steps have been taken to initiate any such appointment and no voluntary arrangement has been proposed. The Seller and any member of the Company Group and any Existing Subsidiary have not become subject to any analogous proceedings, appointments or arrangements under the laws of any applicable jurisdiction.

#### **Ownership of the Shares**

76. The Seller is and will at the date of the Partial Completion, if it occurs pursuant to Clause 3.9, or the Completion Date, if a Partial Completion does not occur pursuant to Clause 3.9, be the sole legal and beneficial owner of, and has the right to exercise all voting and other rights over, all of the Shares. The Company is and will at the date of the Partial Completion, if it occurs pursuant to Clause 3.9, or the Completion Date, if a Partial Completion does not occur pursuant to Clause 3.9, be the sole legal and beneficial owner of, and has the right to exercise all voting and other rights over, all of the Subsidiary Shares in a Subsidiary included in the Partial Completion or Completion. The Seller will at the Completion Date, if a Partial Completion occurs pursuant to Clause 3.9, be the sole legal and beneficial owner of, and has the right to exercise all voting and other rights over, all of the Subsidiary Shares in a Subsidiary included in the Completion.
77. The Shares are and will at the Completion Date or date of Partial Completion (as appropriate) constitute the entire allotted and issued share capital of the Company and are fully paid up. The Subsidiary Shares are and will at the Completion Date or

date of Partial Completion (as appropriate) constitute the entire allotted and issued share capital of the Subsidiary and are fully paid up.

78. The Shares are and will at the date of Partial Completion or Completion Date, as applicable, be free from all Encumbrances and there is no agreement or commitment to give or create any Encumbrance over or affecting the Shares and no claim has been made by any person to be entitled to any such Encumbrance. The Subsidiary Shares are and will at the date of Partial Completion or Completion Date, as applicable, be free from all Encumbrances and there is no agreement or commitment to give or create any Encumbrance over or affecting the Subsidiary Shares and no claim has been made by any person to be entitled to any such Encumbrance.
79. There are and will be no agreements or commitments outstanding which call for the issue of any shares, loan stock or debentures in or other securities of any member of the Company Group or accord to any person the right to call for the issue of any such shares, loan stock, debentures or other securities.
80. No notices have been received by any of the Seller or any member of the Company Group or any Existing Subsidiary and so far as the Seller is aware no steps have been taken in relation to any expropriation, nationalisation or dilution or similar of the share capital of any member of the Company Group or any Existing Subsidiary or the PSCs or JOAs.

### **Corporate and business**

81. The information relating to the Company Group set out in Schedule 1 (*Details of the Company Group*) is true and accurate in all respects.
82. Save as set out in Schedule 1 (*Details of the Group*), at the date of Partial Completion or the Completion Date, as applicable, no member of the Company has any subsidiary undertakings branch, agency, division, permanent establishment or any interest in the shares or other capital of any entity, other than, in the case of the Company, the Subsidiaries.
83. The copies of the constitutional documents of each member of the Company Group, the Portfolio Asset Interest Documents and, so far as the Seller is aware, the minutes of the relevant operating committee, technical committee meetings or Governmental or Regulatory Authority meetings (excluding any attachments, annexes or schedules thereto) included in the Data Room Documents are true and complete copies of the originals of such documents.
84. The books, registers and records (including all accounting records) of each member of the Company Group are in all material respects complete and accurate and up to date in accordance with applicable laws and are maintained and retained in accordance and for the period required by applicable laws. All such books, registers and records and other necessary documents and records relating to its affairs are in the possession or under the direct control, and subject to the unrestricted access, of the relevant member of the Company Group. So far as the Seller is aware, no member of the Company Group has received any application for rectification of any of its registers, including the register of members.

85. There is no power of attorney given by any member of the Company Group in force and no outstanding authority by which any person may enter into an agreement, arrangement or obligation to do anything on behalf of any member of the Company Group (other than any authority of its directors, branch manager and certain legal representatives to act in the ordinary and usual course of their duties).
86. No member of the Company Group is subject to any actual or contingent liability arising out of or in connection with any production sharing contract or equivalent arrangement (other than the PSC) to which it has been a party or in which it has held an interest.

**Asset and title to the PSCs and JOAs**

87. The relevant member of the Company Group on the date of the Partial Completion or the Completion Date as applicable, is the holder of the stated equity participating interest in the relevant PSC, which is burdened by the stated paying working interest in the PSC, but otherwise free from any Encumbrances (other than the rights in the PSC in favour of the Government or the national oil company according to the terms of the PSC and applicable laws):

PSC	Participating Interest	Paying Interest
Namibia PSC	45%	50.0%
Block 6 PSC	25%	27.77778%
Block 10 PSC	35%	41.18%
Block 11 PSC	35%	41.17647%
Block 13 PSC	35%	41.18%
Suriname PSC	33.33%	33.33%

88. The relevant member of the Company Group on the date of Partial Completion or the Completion Date, as applicable, is the holder of the legal and beneficial interest in and under the JOAs, such part being the percentage interest in respect of each JOA stated below and is free from any Encumbrances (other than the rights in the JOA in favour of the other parties to the JOA according to the terms of the JOA and applicable laws):

JOA	Participating Interest	Paying Interest
Namibia JOA	45%	50.0%
Block 6 JOA	25%	27.77778%
Block 10 JOA	35%	41.18%
Block 11 JOA	35%	41.17647%
Block 13 JOA	35%	41.18%
Suriname JOA	33.33%	33.33%

89. So far as the Seller is aware, the PSCs and the JOAs are valid and in full force and effect.
90. No member of the Company Group or Existing Subsidiary is or, has in the past been in or has committed any default or breach of any material terms or conditions of any of the Portfolio Asset Interest Documents and no event has occurred, or failed to

occur or is subsisting which constitutes, or with the giving of notice or lapse of time or both, would constitute, a material breach or default of any of the Portfolio Asset Interest Documents by any member of the Company Group or any Subsidiary.

91. So far as the Seller is aware, no other party to any of the Portfolio Asset Interest Documents is in default or in breach of any material terms or conditions of the relevant Interest Document and so far as the Seller is aware, no event has occurred or failed to occur which constitutes, or with the giving of notice or lapse of time or both, would constitute, a material breach or default of the Portfolio Asset Interest Documents by any other party to it.
92. So far as the Seller is aware, each member of the Company Group and each Existing Subsidiary has paid all fees and charges imposed by any applicable Governmental or Regulatory Authority, which have become due and payable with respect to any of the Portfolio Asset Interest Documents.
93. No member of the Company Group or any Existing Subsidiary has received any written notification from any applicable Governmental or Regulatory Authority that any investigation or inquiry is being or has been conducted by any such Governmental or Regulatory Authorities in respect of violations of Environmental Law in relation to the Portfolio Asset Interest Documents.
94. Each PSC, together with applicable laws, contains the entirety of the obligation of the relevant member of the Company Group or the Existing Subsidiary to the Governmental or Regulatory Authorities, and no other understanding or agreement exists between the relevant member of the Company Group or the Existing Subsidiary and the Governmental or Regulatory Authorities in relation to the subject matter of the PSC.
95. No notice has been given to any member of the Company Group or Existing Subsidiary, and so far as the Seller is aware, any other party of any the Portfolio Asset Interest Documents, by the Governmental or Regulatory Authority to cancel, revoke or materially amend the Portfolio Asset Interest Documents or any of them;
96. No PSC is in the course of being surrendered in whole or in part and, so far as the Seller is aware, there is no proposal to do so;
97. A member of the Company Group or any Existing Subsidiary has not given any notice of withdrawal from any of the Portfolio Asset Interest Documents;
98. So far as the Seller is aware, none of the current parties of the Portfolio Asset Interest Documents have given any written notice of withdrawal which is still current;
99. In relation to the Portfolio Asset Interest Documents, no vote to remove an Operator has been passed, no formal written proposal has been made to remove an Operator and so far as the Seller is aware, no order by a Governmental or Regulatory Authority has been issued, or threatened in writing to remove an Operator, nor are any of the foregoing pending and, so far as the Seller is aware, no Operator has

submitted a notice of resignation in respect of any of the Portfolio Asset Interest Documents.

100. So far as the Seller is aware, the Operator is not in breach of any of the Portfolio Asset Interest Documents such as would permit the other parties to such to remove it as Operator.
101. Save as Disclosed in respect of Block 10 of the STP PSCs and Block 13 of the STP PSCs, all accrued obligations and liabilities imposed by the PSCs, including the work obligations arising from the PSCs, have been duly fulfilled and discharged and there is no outstanding work obligation to be fulfilled under the PSCs or any of them.
102. No notice has been given by the grantor of any of the PSCs (including any Governmental or Regulatory Authority) to any member of the Company Group or Existing Subsidiary of any intention to require further work of a material nature to be conducted.
103. Each Subsidiary or Existing Subsidiary is entitled to vote at all meetings of operating and other committees established in connection with each JOA to which it is a party, and is entitled to cast votes in proportion to its Participating Interest.
104. Save as Disclosed, there are no outstanding guarantees or indemnities given by any member of the Company Group in favour of any Governmental or Regulatory Authority under any of the PSCs or JOAs.

#### **Material assets**

105. The material assets, constituting Joint Property (as defined in the relevant JOA) (other than trading stock disposed of in the Ordinary Course of Business) acquired by any Existing Subsidiary will be transferred to the relevant member of the Company Group prior to the date of Partial Completion or the Completion Date, as applicable, and on the date of Partial Completion or the Completion Date, as applicable, and such Joint Property and all other material assets owned by the Company Group are on the date of Partial Completion or the Completion Date, as applicable, the absolute property of the relevant member of the Company Group (save to the extent provided under the relevant PSC), are free from any Encumbrance and are in the possession or under the control of the relevant member of the Company Group.
106. No member of the Company Group has any Encumbrances subsisting over the whole or any part of its present or future revenues or material assets.
107. All such material assets owned by any member of the Company Group are not the subject of any leasing, hiring or hire purchase agreement or agreement for payment on deferred terms or assignment or factoring or other similar agreement.

Any reference to “assets” in (hh) and (jj) shall not include any assets constituting the participating interest in the relevant PSC or JOA.

## **Debt**

108. Save as Disclosed, each member of the Company Group has no Debt and are not party to nor bound by any agreement relating to Debt. On the Completion Date or date of Partial Completion (as appropriate), no member of the Company Group will have any Debt whatsoever nor be party to nor be bound by any agreement relating to Debt;

## **Material Disputes**

109. Save as Disclosed, no member of the Company Group is a plaintiff nor, so far as the Seller is aware, a defendant in or otherwise a party to any litigation, arbitration, or administrative proceedings of a material nature;
110. Save as Disclosed, no member of the Company Group has received any written notification of any material dispute which in the reasonable opinion of the Seller is likely to give rise to any such litigation, arbitration or administrative proceedings as are referred to in (11) above.

## **Compliance with Laws**

111. So far as the Seller is aware, each member of the Company Group and each Existing Subsidiary has carried on, and is carrying on, the Business (including, in the case of each Subsidiary or Existing Subsidiary, as Operator or non-operator, as applicable, and in relation to the ownership of the Participating Interest in the relevant Interest Document) in compliance in all material respects with applicable laws, and holds (and is in compliance with) all material authorisations, permissions, licences, permits, consents and approvals from and agreements with any Governmental or Regulatory Authority required under applicable law in relation to its acting as Operator or non-operator, as applicable, the conduct of the Business and operations and the ownership of the Participating Interest in the relevant Interest Document.
112. Save as Disclosed, there is no ongoing disagreement in writing between any member of the Company Group or Existing Subsidiary and any Governmental or Regulatory Authority in relation to cost recovery in respect of a material amount, no Governmental or Regulatory Authority has indicated in writing to any member of the Company Group or Existing Subsidiary that any material sums incurred in relation to operations under a PSC are not capable of being cost recovered; and no written request for an official audit, review or investigation in relation to cost recovery has been received by any member of the Company Group or Existing Subsidiary from any Governmental or Regulatory Authority.
113. None of the Seller, any member of the Company Group or any member of the Retained Group nor any of their respective Representatives acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement and other Transaction Documents is or will be at the Completion Date: in violation of any Sanctions Laws and Regulations; a Designated Person or otherwise the target of Sanctions Laws and Regulations; involved in any transactions directly or indirectly, relating to or with entities located in countries subject to U.S. economic

sanctions; engaged in dealings in or with any property or interest in property blocked pursuant to any Sanctions Laws and Regulations.

### **Contracts**

114. Save in respect of the Transitional Operator Services Agreements, there is no outstanding amount which is due and payable under any agreement to which any member of the Company Group is a party.
115. Save in respect of the Transitional Operator Services Agreements and the Portfolio Asset Interest Documents, there are no agreements, contracts or arrangements to which any member of the Company Group is a party, including any contracts with affiliates, area of mutual interest agreements, joint bidding agreements, guarantees, indemnities credit support or suretyship.

### **Environment, Health and Safety**

116. Each Subsidiary and Existing Subsidiary, which serves as Operator, complies and has at all times prior to the date of this Agreement complied in all material respects with Environmental Law in the country of the Portfolio Asset Interest Document;
117. So far as the Seller is aware, no Subsidiary or Existing Subsidiary, which serves as Operator, has received prior to the date of this Agreement a written complaint or a notice alleging a material breach of, or a material liability under, Environmental Law in the country of the Portfolio Asset Interest Document.
118. So far as the Seller is aware, each Subsidiary or Existing Subsidiary, which serves as Operator, has obtained and complied, in all material respects with each material Environmental permit required to carry on the Business and its operations under the Portfolio Asset Interest Document.
119. So far as the Seller is aware, each member of the Company Group and Existing Subsidiary has complied in all material respects with its obligations under Health and Safety Law in respect of its own operations regarding the Portfolio Asset Interest Documents, and has not committed any material breach of any Health and Safety Law in respect of its own operations regarding the Portfolio Asset Interest Documents.
120. No member of the Company Group or Existing Subsidiary has received any written notice that it is in violation of any Health and Safety Law in respect of its own operations regarding the Portfolio Asset Interest Documents.

### **Employees**

[\*\*\*]

There are no post-employment liabilities regarding existing or former Employees of the Company Group and/or their respective dependants.

121. So far as the Seller is aware, each member of the Company Group has funded all reserves required by local labour laws in respect of end of service severance payments, retirement funds and other benefit plans and programs.

**Tax**

122. For all periods up to the Partial Completion or the Completion, as applicable, each member of the Company Group and each Existing Subsidiary has complied, in all jurisdictions, in all material respects with all statutory provisions, rules, regulations, orders and directions required of it under any Tax Statute or otherwise required by law, and all Tax Records which relate to periods commencing up to the Partial Completion or Completion, as applicable, remain at the date of this Agreement complete, correct and accurate in all material respects.
123. Each member of the Company Group and each Existing Subsidiary has complied in all material respects with all statutory provisions, rules, regulations, orders and directions required of it in relation to records, invoices and other information required to be kept in relation to Tax.
124. For all periods up to Partial Completion or Completion, as applicable, each member of the Company Group and Existing Subsidiary has duly and timely paid all Tax and (including where required by way of deduction or withholding and including any requirement to account for such deducted or withheld Tax) for which it is liable and no member of the Company Group or Existing Subsidiary is liable, nor has for all periods up to Completion been liable, to pay any interest, fine or other penalty in connection with Tax.
125. For all periods up to Partial Completion or Completion, as applicable, no member of the Company Group or Existing Subsidiary has been involved in any transaction outside the Ordinary Course of Business which has given or may give rise to a liability to Tax (or would have given or might give rise to such a Tax liability but for the availability of any Tax relief).
126. There has been no change to the approach taken by any member of the Company Group to matters relating to Tax as compared to any positions taken in any Tax returns which have been filed prior to the Economic Date.
127. For all periods up to the Partial Completion or Completion Date, as applicable, no member of the Company Group or Existing Subsidiary has been or is involved in any material dispute with any Tax Authority, and no member of the Company Group or Existing Subsidiary is the subject of any enquiry with any Tax Authority concerning any matter other than routine enquiries of a minor nature and the Seller is not aware of any circumstances which would or would be likely to give rise to such a dispute or enquiry.
128. The Company is incorporated, and has its registered office, in the Cayman Islands. No Tax Authority in any jurisdiction considers the Company is resident for Tax purposes in or has a permanent establishment in its jurisdiction. The Company is tax-exempted in the Cayman Islands.



129. Each Subsidiary and Existing Subsidiary is incorporated, and has its registered office, in the Cayman Islands. No Tax Authority in any jurisdiction considers that a Subsidiary or Existing Subsidiary is resident for Tax purposes in or has a permanent establishment in its jurisdiction other than being registered for all relevant Taxes as follows: (1) KE Namibia Company and the Existing Namibia Subsidiary in the Republic of Namibia; (2) KE STP Company and the Existing STP Subsidiary in Democratic Republic of Sao Tome and Principe; and (3) KE Suriname Company and the Existing Suriname Subsidiary in the Republic of Suriname. Each Subsidiary is tax-exempted in the Cayman Islands.
  130. Prior to Completion or Partial Completion as appropriate, all transactions entered into by each member of the Company Group and Existing Subsidiary have been entered into on an arm's length basis and the consideration (if any) which has been charged, received or paid by the relevant member of the Company Group or Existing Subsidiary on all transactions entered into by it prior to the Completion Date has been equal to the consideration which would have been expected to be charged, received or paid between independent persons dealings at arm's length.
  131. No member of the Company Group or Existing Subsidiary is or has been party to any scheme, arrangement, transaction or series of transactions the main purpose, or one of the main purposes of which, was the avoidance of Tax which was either entered into prior to Partial Completion or Completion, as applicable or otherwise has effect for any period after the Economic Date.
  132. No member of the Company Group is bound by or party to any Tax sharing or Tax allocation agreement.
  133. So far as the Seller is aware, no transaction, act, omission or event has occurred in consequence of which any member of the Company Group or Existing Subsidiary is or may be held liable for any Tax (including under an indemnity) which Tax is primarily or directly chargeable against or attributable to any person other than any of the members of the Company Group or Existing Subsidiary, whether such liability arises as a result of the operation of law or any agreement entered into by any of the member of the Company Group or Existing Subsidiary.
- c.. The Seller acknowledges that the Purchaser has entered into or procured that its Affiliates have entered into this Agreement and the Transaction Documents to which it is a party on the basis of and in reliance upon the Warranties.
- d.. The Purchaser acknowledges and confirms, that it does not rely on and has not been induced to enter into this Agreement on the basis of any warranties, representations, covenants, undertakings, indemnities or other statements whatsoever other than those made under this Agreement. In particular, no warranty, representation, covenant, undertaking, indemnity or other statement has been given (expressly or impliedly) in respect of, and the Purchaser acknowledges that it has had an adequate opportunity to review, agrees to hold the Retained Group harmless and is solely responsible for forming its own opinion as to:
134. the amount, quality or deliverability of hydrocarbons attributable to any asset of any member of the Company Group;

- 135. any geological, geophysical, engineering, economic or other interpretations, forecasts or evaluations;
  - 136. any forecast of expenditures, budgets or financial projections (including any projections as to the future profitability or future value of any member of the Company Group);
  - 137. any geological formation, drilling prospect or hydrocarbon reserves;
  - 138. the repair, condition, working order, fitness for purpose or future performance or capability of any property, plant or equipment forming part of or relating to the assets of any member of the Company Group; and
  - 139. the future performance of any member of the Company Group (including revenues and costs); and
  - 140. none of the Seller, any member of the Company Group, any member of the Retained Group nor any of their Representatives have given any such warranties, representations, covenants, undertakings, indemnities or other statements.
- e.. Nothing in Clause 10.4 shall limit the Warranties given by the Seller or the standard of disclosure required to limit the Seller's liability in respect thereof under Schedule 3 (*Seller's Limitations on Liability*).
- f.. Each of the Warranties (subject to Clause 11 (*Seller's limitations on liability*) and Schedule 3 (*Seller's Limitations on Liability*) below) shall be construed as a separate and independent warranty and shall not be limited or restricted by reference to or inference from the terms of any of the other Warranties.
- g.. The Purchaser agrees and undertakes that (in the absence of fraud, fraudulent misstatement or misrepresentation, or Wilful Misconduct) it has no rights against and shall not make any claim against any Representative of any member of the Retained Group or any member of the Company Group on whom it may have relied before agreeing to any term of any of the Transaction Documents.

#### **11. Seller's limitations on liability**

The liability of the Seller in respect of Warranty Claims shall be limited as provided in Schedule 3 (*Seller's Limitations on Liability*).

#### **12. Purchaser's warranties and undertakings**

- a.. The Purchaser warrants to the Seller on the Execution Date and on the Completion Date or the Partial Completion Date as (appropriate) (in respect of itself only) that:
- 141. it is a company duly incorporated and organised and validly existing under the laws of The Netherlands.

142. it has the requisite power and authority, and has received all necessary approvals, to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is party;
143. its obligations under this Agreement and the other Transaction Documents will when delivered constitute binding obligations of it in accordance with their respective terms except as enforceability may be limited by bankruptcy, insolvency, reorganisation, moratorium or other laws affecting creditors' rights generally and general principles of equity (whether considered in a proceeding at law or in equity);
144. the execution and delivery of, and the performance by it of its obligations under, this Agreement and the other Transaction Documents will not: result in a material breach of any provision of the constitutional documents of it; result in a material breach of, or constitute a default under, any instrument to which it is a party or by which it is bound; so far as it is aware, result in a material breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound; or require the consent of its shareholders;
145. no order has been made, petition presented or resolution passed for the winding up of it. No administrator nor any receiver or manager has been appointed by any person in respect of it or all or any of its assets and, so far as it is aware, no steps have been taken to initiate any such appointment and no voluntary arrangement has been proposed. It has not become subject to any analogous proceedings, appointments or arrangements under the laws of any applicable jurisdiction;
146. it has and will have at Partial Completion or Completion, as applicable immediately available on an unconditional basis (subject only to Partial Completion or Completion, as applicable) the cash resources required to meet in full its obligations under the Transaction Documents;
147. none of it, nor any of its respective Representatives acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement and other Transaction Documents is or will be at the Completion Date: in violation of any Sanctions Laws and Regulations; a Designated Person or otherwise the target of Sanctions Laws and Regulations; involved in any transactions directly or indirectly, relating to or with entities located in countries subject to U.S. economic sanctions; or engaged in dealings in or with any property or interest in property blocked pursuant to any Sanctions Laws and Regulations; and
148. none of it, nor any of its Representatives acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement and other Transaction Documents: will following Partial Completion or Completion, as applicable, permit the Company to engage in any transactions with or relating to countries or persons subject to Sanctions Laws and Regulations; and none of the proceeds used in connection with the acquisition of the Shares in the Company will be derived from or in any way related directly or indirectly to business with countries or persons subject to Sanctions Laws and Regulations.

b.. The Purchaser shall at its own cost procure that no later than six (6) months following Completion:

149. no member of the Shell Group shall use “Kosmos Energy” or any other mark, logo, name, symbol or design which, in the opinion of the Seller acting reasonably, is capable of being confused with Kosmos Energy; and
150. all references to any member of the Retained Group wherever and however any such reference is made by the Shell Group in connection with the Business are removed,

and the Purchaser shall use reasonable endeavours to procure that, in the event of any sale of the whole or any part of the Shares or Subsidiary Shares to any third party within six (6) months following Completion, any successor in such title shall enter into equivalent undertakings in respect of the Retained Group.

### **13. Environmental indemnity**

- a.. Subject to Completion or Partial Completion occurring (as appropriate), and other than as set out in Clauses 13.2 and 13.3, the Purchaser agree that no member of the Retained Group shall have any liability to the Purchaser or any member of the Company Group in respect of any Environmental Liabilities of whatsoever nature and howsoever arising whether before, on or after the Economic Date to the extent that Completion or Partial Completion has occurred in relation to the relevant Portfolio Assets.
- b.. Subject to Completion or Partial Completion occurring (as appropriate), the Seller hereby indemnifies the Purchaser against any and all Losses suffered or incurred by it and in respect of any Claims arising out of, relating to or attributable to any breach of any of the Environmental Warranties to the extent that Completion or Partial Completion has occurred in relation to the relevant Portfolio Asset.
- c.. Notwithstanding the provisions of Clauses 13.1 and 13.2, the Purchaser, and each member of the Shell Group shall have no liability in respect of, and the Seller shall hold harmless, defend and indemnify the Purchaser and each member of the Shell Group from and against any Claims in respect of any and all Environment Liabilities arising out of or in connection with the [\*\*\*] of whatsoever nature and howsoever arising whether before, on or after the Execution Date, by whomsoever caused and whether or not arising due to the negligence or breach of duty (statutory or otherwise) of the Purchaser and each member of the Shell Group or any of them. The foregoing indemnity set out in this Clause 13.3 shall automatically cease to have effect in the event and from the date, that any of the parties to the [\*\*\*] in their capacity as Contractor under the [\*\*\*], re-enters, deepens or sidetracks the [\*\*\*].

### **14. Termination**

- a.. This Agreement shall terminate and, subject to Clause 14.4, each Party’s rights and obligations shall cease to have force and effect from such termination if at any time prior to Completion the Purchaser gives written notice of termination to the Seller following:
  151. the Seller making a material decision or failing to procure a member of the Company Group and/or Existing Subsidiary from making a material decision, in

connection with or under any of the Portfolio Asset Interest Documents which is not in the Ordinary Course of Business and is contrary to the stated position of the Purchaser on a material decision on which the Purchaser has the right to consent and such consent has not having been given by the Purchaser;

152. a breach by the Seller of any of the Fundamental Warranties in which case this Agreement shall terminate with immediate effect on the date set out in the notice;
  153. the occurrence of a MAC Event; or
  154. any insolvency, bankruptcy, liquidation, administration, winding up, incapacity (or similar proceedings) in respect of any member of the Company Group, any Existing Subsidiary or the Seller.
- b.. The Seller may terminate this Agreement in the event of any insolvency, bankruptcy, liquidation, administration, winding up, incapacity (or similar proceedings) of the Purchaser.
- c.. Save for the Parties' express right to terminate in this Clause 14.3 and Clauses 3.11 (*Condition*), 8.4(c) (*Completion*) and 16.5 (*Mutual Warranties*), the Parties shall not be entitled to rescind or terminate this Agreement, whether before or after Completion. Nothing in this Clause 14.3 shall operate to limit or exclude any liability for fraud, fraudulent misstatement or misrepresentation. or Wilful Misconduct.
- d.. If this Agreement is terminated by a Party in accordance with:
155. Clause 3.11 (*Condition*);
  156. Clause 8.4(c) (*Completion*);
  157. Clause 14.1 (*Termination*); or
  158. Clause 16.5 (*Mutual Warranties*),
- then:
- xiii. if such termination occurs before Partial Completion or, if Partial Completion does not occur, before Completion, the rights and obligations of the Parties under this Agreement shall cease immediately, save in respect to the respective rights and liabilities of each of the Parties accrued prior to such termination and their rights and obligations under the Continuing Provisions; or
  - xiv. if such termination occurs after Partial Completion the rights and obligations of the Parties remaining under this Agreement shall cease immediately, save in respect to the respective rights and liabilities of each of the Parties with respect to the Subsidiary(ies) subject to the Partial Completion and/or in respect to the respective other rights and liabilities of each of the Parties accrued prior to such termination and their rights and obligations under the Continuing Provisions.

## 15. Tax on Transaction and Historical Taxes

a.. Notwithstanding any provisions to the contrary in this Agreement:

159. Seller shall bear all transfer Taxes, any registration, documentary or stamp taxes, value added taxes and any notarial or recording fees and expenses incurred and imposed on, or with respect to, the transfers or transactions contemplated in this Agreement (including the Inter Affiliate Agreements) regardless of whether the Seller, the Purchaser or any member of the Company Group is individually or jointly liable for such Taxes under applicable Law or otherwise;
160. Seller shall bear and be liable for any income, capital, real property transfer or gain, gross margin, franchise or gross receipts or indirect transfer capital gain taxes or any other indirect taxes including value added taxes which may arise, in any jurisdiction, as a result of the transactions contemplated in this Agreement (including the Inter Affiliate Agreements), including any such Taxes levied against or recoverable from Purchaser or any member of the Company Group.

b.. Seller in addition, shall indemnify, defend and hold the Purchaser and its Affiliates harmless from any Tax liability of any member of the Company Group which arises:

161. in consequence of an event, act, transaction or omissions occurring on or before Partial Completion or Completion, as applicable; or
162. in respect of or by reference to any income, profits or gains which were earned, accrued or received on or before Partial Completion or Completion, as applicable, or in respect of a period ending on or before Partial Completion or Completion, as applicable;

but only to the extent that such liability has not been paid or discharged on or before Partial Completion or Completion, as applicable.

c.. The Seller shall not be liable for any Claim under Clause 15.2 unless written notice containing full details of such Claim is given by or on behalf of the Purchaser to the Seller by no later than seven (7) years or such later period as provided under applicable law from the date of Partial Completion or Completion Date, as applicable and the Seller shall pay the amount referred to in such written notice to the Purchaser within thirty (30) days after the date of the notice.

d.. In the event the Seller or one of its Affiliates is required by a Governmental or Regulatory Authority to pay value added taxes on the Inter Affiliate Transfer Agreements, Seller or its Affiliate shall issue a valid value added tax invoice to the relevant Subsidiary and shall provide evidence to Purchaser that the value added tax has been paid. If Purchaser or one of its Affiliates is entitled to and actually recovers all or a portion of such value added taxes, Purchaser shall reimburse or procure that its Affiliate shall reimburse, the Seller the amount of value added taxes actually recovered.

## 16. Mutual warranties

a.. The Parties make the following warranties to each other as of the date of this Agreement and the date of Partial Completion or the Completion Date, as applicable:

163. Each Party warrants that in connection with this Agreement and the Agreement's subject matter (and in the case of the Seller, in connection with the Portfolio Asset Interest Documents, the Seller's and its Affiliates, its Associated Persons, its directors, officers, employees, agents, or consultants, or any other person acting for, or on behalf of the Party or its Affiliates activities in the Republic of Namibia, Democratic Republic of Sao Tome and Principe and the Republic of Suriname, and the activities of any member of the Company Group), except as otherwise Disclosed and except as set forth in subsection (a)(iii) below, directly or indirectly:

xv. have not violated or committed any act that would constitute a violation of, or an offence under, any Anti-Bribery Laws or Sanctions Laws and Regulations, irrespective of whether the Anti-Bribery Laws or Sanctions Laws and Regulations apply;

xvi. have not paid, offered, promised, or authorised the payment, directly or indirectly, of any monies or anything of value to any person for the purpose of improperly influencing any act or decision by that person, or by a Government Official, to obtain, retain, or direct business or to secure an improper advantage;

xvii. have not, to the knowledge of the Party, been the subject of any actual, pending or threatened, legal, administrative, arbitral or other proceeding, claim, suit, inquiry, or action against, or government investigation in connection with any Anti-Bribery Laws or Sanctions Laws and Regulations in or concerning any jurisdiction, whether or not relating to operations or activities in the Republic of Namibia, Democratic Republic of Sao Tome and Principe and the Republic of Suriname, nor, so far as the Party is aware, are there any circumstances likely to give rise to any such investigation, inquiry or proceeding in or concerning activities or operations in the Republic of Namibia, Democratic Republic of Sao Tome and Principe and the Republic of Suriname; or

xviii. have no injunction, order, judgment, ruling, or decree against them by or before any government in connection with any Anti-Bribery Laws or Sanctions Laws or Regulations.

164. In connection with the Agreement, each Party warrants and undertakes that it, its Affiliates, its directors, officers, employees, agents or consultants, and any other person acting for, or on behalf of, such Party, directly or indirectly shall not violate any Anti- Bribery Law or Sanctions Law or Regulation, or engage any act, practice, or conduct that would constitute a violation of, or an offence under, the Anti-Bribery Laws or Sanctions Laws and Regulations, as if those laws applied to it.

- b.. Each Party shall defend, indemnify and hold the other Party and its Affiliates harmless from and against any and all Claims and Losses (including all Losses, suffered or incurred in investigating, settling or disputing any such action (actual or potential) and/or the reasonable costs of obtaining advice as to any such action (actual or potential)) which the other Party or its Affiliates may suffer or incur or which may be brought against it in any jurisdiction arising, out of, in respect of, or in connection with any breach by a Party, its Affiliates, or their directors, officers or employees of the warranties and undertakings under this Clause 16.
- c.. Notwithstanding anything in this Agreement to the contrary, no provision shall be interpreted or applied so as to require any Party to do, or refrain from doing, anything which would constitute a violation of any law or regulation applicable to such Party.
- d.. For the term of this Agreement and for a period of five (5) years thereafter, each Party shall reasonably cooperate in good faith with any reasonable request of any other Party to be entitled to review relevant documentation, and further each Party agrees to encourage its representatives, management and/or staff to engage in interviews at the request of any other Party, in order to verify compliance with the terms of this Clause 16 and the requirements of the Anti-Bribery Laws or Sanctions Laws and Regulations. Each Party shall cooperate fully and in good faith in any such audit or investigation conducted by another Party in relation to compliance with this Clause 16 and the Anti-Bribery Laws and Sanctions Laws and Regulations.
- e.. Notwithstanding anything in this Agreement to the contrary, each Party shall have the right to suspend or terminate this Agreement and any payments hereunder if the other Party has failed to comply with any of the terms of Clause 16.1(a) and/or Clause 16.1(b).

## 17. Withholding

- a.. Any payments made or due from a Party (the **“Payer”**) under this Agreement shall be effected by the Payer without any deduction or withholding of any Tax unless required by law. In the event that the Payer is obliged to deduct or withhold any such Tax under applicable law when effecting any such payment, the Payer shall:
  - 165. make the deduction or withholding and account to the relevant Tax Authority for the amount deducted or withheld within the time allowed and in the minimum amount required by law and promptly provide the Party receiving the relevant payment (the **“Payee”**) with evidence reasonably satisfactory to the Payee that it has done so; and
  - 166. (other than where the relevant payment is, or is in respect, of the Consideration including any additional consideration, if any, that may be due and payable in accordance with the terms of the Portfolio Agreement) increase the amount payable to the Payee to the extent necessary to ensure that after making the required deduction or withholding the Payee receives the payment in the amount it would have received had the Payer had no obligation to make the required deduction or withholding.



- b.. The Payer covenants to pay to the Payee on demand an amount equal to any Losses incurred or suffered by the Payee as a result of any failure by the Payer to comply with its obligations under Clause 17.1(a).

## **18. Access**

- a.. The Purchaser shall make available to the Seller copies of any Books and Records of the Company Group (or, if practicable, the relevant parts of those Books and Records) which are reasonably required by the Seller for the purpose of dealing with its Tax or accounting affairs and/or any proceeding, enquiry, audit or investigation of any judicial or Governmental or Regulatory Authority and, accordingly, the Purchaser shall, upon being given reasonable notice by the Seller and subject to the Seller giving such undertaking as to confidentiality as the Purchaser shall reasonably require, procure that such Books and Records are made available to the Seller and its Representatives for inspection (during Working Hours) and copying (at the Seller's expense) for and only to the extent necessary for such purpose and for a period of five (5) years from Completion.
- b.. The Seller shall make available to the Purchaser copies of any Books and Records of members of the Retained Group (or, if practicable, the relevant parts of those Books and Records) which are reasonably required by the Purchaser for the purpose of dealing with its Tax or accounting affairs and/or any proceeding, enquiry, audit or investigation of any judicial or Governmental or Regulatory Authority and, accordingly, the Seller shall, upon being given reasonable notice by the Purchaser and subject to the Purchaser giving such undertaking as to confidentiality as the Seller shall reasonably require, procure that such Books and Records are made available to the Purchaser and their Representatives for inspection (during Working Hours) and copying (at the Purchaser's expense) for and only to the extent necessary for such purpose and for a period of five (5) years from Completion.
- c.. In the event that any proceeding, enquiry, audit or investigation of any judicial or Governmental or Regulatory Authority is pending at the time of expiry of the period of five (5) years from Completion, or if at such time the Seller or the Purchaser (as applicable) is in the process of using any Books and Records in connection with satisfying applicable laws or regulations, the Seller or the Purchaser (as applicable) shall be entitled to continuing access to the Books and Records on the same terms as provided in Clauses 18.1 and 18.2 for a further period until completion of the relevant enquiry, investigation or other event.

## **19. Effect of completion**

Any provision of the Transaction Documents which is capable of being performed after, but which has not been performed at or before Partial Completion or Completion, as applicable, shall remain in full force and effect notwithstanding Partial Completion or Completion, as applicable.

## **20. Assurance**

- a.. The Purchaser, for itself and its successors and assigns, covenants that, at any time and from time to time on or after Completion, it and they will execute and deliver all such instruments of assumption and acknowledgements or take such other action as the Seller may reasonably request in order to give full effect to this Agreement and the Transaction Documents.

- b.. The Seller, for itself and its successors and assigns, covenants that, at any time and from time to time on or after Completion, it and they will execute and deliver all such instruments of assumption and acknowledgements or take such other action as the Purchaser may reasonably request in order to give full effect to this Agreement and the Transaction Documents.

## **21. Insurance**

The Purchaser undertakes that with effect from the date of Partial Completion or the Completion Date, as applicable it will arrange insurance cover or self-insure in respect of the Company Group and acknowledges that with effect from the date of Partial Completion or Completion Date, as applicable any pre-existing insurance cover maintained by the Retained Group shall no longer apply to the Company and the relevant Subsidiary.

## **22. Assignment**

Save as expressly provided for herein, neither Party may assign, transfer, charge, declare a trust of or otherwise dispose of all or any part of its rights and benefits under this Agreement or any other Transaction Documents (including any cause of action arising in connection with any of them) or of any right or interest in any of them without the prior written consent of the other Party, provided that the Purchaser or the Seller shall be entitled to assign this Agreement in whole or in part without the consent of the other Parties to any of its Affiliates.

## **23. Entire agreement**

- a.. This Agreement, together with the Transaction Documents and any other documents referred to in this Agreement or any Transaction Document, constitutes the whole agreement between the Parties and supersedes any previous arrangements or agreements between them relating to the sale and purchase of the Shares.
- b.. Save in relation to breach of this Agreement or any other Transaction Document, no Party nor any of its Related Persons shall have any right or remedy, or make any claim, against another Party nor any of its Related Persons in connection with the sale and purchase of the Shares.
- c.. In this Clause 23, “**Related Persons**” means, in relation to a Party, members of the Retained Group (in respect of the Seller), the Shell Group (in respect of the Purchaser) and the Representatives of that Party and of members of the Retained Group (in respect of the Seller), the Shell Group (in respect of the Purchaser).
- d.. Nothing in this Clause 23 shall operate to limit or exclude any liability for fraud, fraudulent misstatement or misrepresentation, breach of Anti-Bribery Laws and Regulations or Wilful Misconduct.

## **24. Notices**

- a.. Any notice or other communication to be given under or in connection with this Agreement shall be in the English language in writing and signed by or on behalf of the Party giving it. A notice may be delivered personally, pre-paid recorded delivery or international courier to

the address or email provided in Clause 24.3, and marked for the attention of the person specified in that Clause.

- b.. A notice shall be deemed to have been received at the time of its delivery, provided that if deemed receipt of any notice occurs after 5.30 p.m. or is not on a Business Day, deemed receipt of the notice shall be 9.30 a.m. on the next Business Day. References to time in this Clause 24 are to local time in the country of the addressee.
- c.. Notices under this Agreement shall be sent to a Party at its address or number and for the attention of the individual set out below:

**Seller**

Name: Kosmos Energy Operating  
Address: in care of Kosmos Energy LLC, 8176 Park Lane, Suite 500, Dallas, Texas 75231 USA  
Attn: General Counsel

**Seller Guarantor**

Name: Kosmos Energy Holdings  
Address: in care of Kosmos Energy LLC, 8176 Park Lane, Suite 500, Dallas, Texas 75231 USA  
Attn: General Counsel

**Purchaser**

Name: B.V. Dordtsche Petroleum Maatschappij  
Address: Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands  
Attn: General Counsel Upstream  
With a copy to: [\*\*\*]

- d.. A Party shall notify the other Parties of any change to its details in Clause 24.3 in accordance with the provisions of this Clause 24, provided that such notification shall only be effective on the later of the date specified in the notification and five (5) Business Days after deemed receipt.

**25. Announcements**

No Party nor its Affiliates shall make any public announcements or other statements regarding the execution of this Agreement, the Transaction Documents, Completion or any other matter involving this Agreement or any of the transactions or documents contemplated under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, except that a Party may make a public announcement that is required by law or to comply with any directives or other requirements of any law of any relevant jurisdiction or any securities exchange, Governmental or Regulatory Authority provided that, to the extent permissible, such Party gives the other Parties notice and a copy of the announcement at least forty-eight (48) hours prior to such announcement being made.

**26. Guarantees**

- a.. In consideration of the Purchaser entering into this Agreement, the Seller Guarantor irrevocably and unconditionally guarantees to the Purchaser punctual performance by the Seller of all of the Seller's obligations under this Agreement and undertakes to the Purchaser that whenever the Seller does not pay any amount when due under or in connection with this Agreement and any other Transaction Document, the Seller Guarantor

shall immediately on demand pay that amount to the Purchaser as if it was the principal obligor so that the same benefits are conferred on the Purchaser as it would have received if such obligation had been performed and satisfied by the Seller (the “**Seller Guarantee**”).

- b.. The Seller Guarantor, as principal obligor and as a separate and independent obligation and liability from its obligations and liabilities in Clause 26.1, undertakes to indemnify and hold the Purchaser harmless from and against any Loss suffered or incurred by it arising directly or indirectly out of, as a result of or in connection with the non-performance by the Seller of any of its payment obligations in accordance with the Seller Guarantee.
- c.. The Seller Guarantee is a continuing guarantee and will extend to any sums payable by the Seller to the Purchaser under this Agreement, regardless of any intermediate payment or discharge in whole or in part.
- d.. The obligations of the Seller Guarantor will not be affected by any act, omission, matter or thing which, but for this Clause 26.4 would reduce, release or prejudice any of its obligations under this Agreement or any other Transaction Document including:
  - 167. any time, waiver or consent granted to the Seller or any other person;
  - 168. the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against any guaranteed Party under this Agreement or any other Transaction Document;
  - 169. the insolvency (or similar proceedings) of the Seller, any incapacity or lack of power, authority or legal personality of the Seller or change in control, ownership or status of the Seller;
  - 170. any amendment to this Agreement or any other Transaction Document;
  - 171. any illegality, invalidity or unenforceability of any obligation of any person under this Agreement or any other Transaction Document; or
  - 172. any other act, event or omission which might operate to discharge, impair or otherwise affect any of the obligations of the Seller Guarantor or any of the rights, powers and remedies conferred on the Purchaser, in each case under this Agreement or any other Transaction Document.
- e.. The Seller Guarantor also waives any right which it may have to first require the Purchaser to proceed against the Seller before claiming from the Seller Guarantor under this Clause 26.
- f.. Until all amounts which may be or become payable by the Seller to the Purchaser under or in connection with this Agreement and any other Transaction Document have been irrevocably paid in full:
  - 173. the Seller Guarantor will not make demand for the payment of any sum from the Seller connected with or in relation to the sum demanded by the Purchaser or claim any set- off or counterclaim against the Seller;

- 174. if the Seller is insolvent or in liquidation, the Seller Guarantor will not prove in any such insolvency or liquidation in competition with the Purchaser; and
- 175. the Seller Guarantor will not exercise any rights which they may have to be indemnified by the Purchaser or otherwise claim from the Purchaser any sums which may be owing to it from the Purchaser.
- g.. The Seller Guarantor undertakes to hold any security taken from the Seller in connection with the Seller Guarantee and any monies or rights received by the Seller Guarantor from the Seller as trustee on trust for the Purchaser pending discharge in full of all of the Seller Guarantor's obligations under the Seller Guarantee.
- h.. The Seller Guarantor agrees that:
  - 176. if any payment received by the Purchaser from the Seller in relation to its obligations under this Agreement is avoided or set aside on the subsequent insolvency or liquidation of the Seller any amount received by the Purchaser and subsequently repaid, shall not discharge or diminish the liability of the Seller Guarantor under this Clause 26, and this Clause 26 shall apply as if such payment had at all times remained owing by the Seller; and
  - 177. after a demand has been made by the Purchaser under this Clause 26 and until the amount demanded has been paid in full, the Purchaser may take such action as it thinks fit against the Seller to recover all sums due and payable to it under this Agreement, without affecting the obligations of the Seller Guarantor under this Clause 26.
- i.. The Seller Guarantor warrants to the Purchaser as of the Execution Date and as of the date of Partial Completion or Completion Date, as applicable in the terms of Clause 10.2(a) to 10.2(d) (inclusive) (with all references to "the Seller" and/or the "Company Group" and/or "each member of the Company Group" deemed to be references to the "Seller Guarantor").

## **27. Confidentiality**

- a.. Save as expressly provided in Clause 27.3, the Seller shall and shall procure that each member of the Retained Group shall treat as confidential the provisions of the Transaction Documents, all information they possess relating to each Company Group and all information they have received or obtained relating to the Purchaser' Group as a result of negotiating or entering into the Transaction Documents.
- b.. Save as expressly provided in Clause 27.3, the Purchaser shall, and shall procure that each member of its Group shall, treat as confidential the provisions of the Transaction Documents and all information it has received or obtained about the Retained Group as a result of negotiating or entering into the Transaction Documents.
- c.. A Party may disclose, or permit the disclosure of, information which would otherwise be confidential if and to the extent that it:

178. is disclosed to Representatives of that Party or its Affiliates, if this is reasonably required in connection with this Agreement (and provided that such persons are required to treat that information as confidential);
  179. is required to do so by law or any securities exchange, or by compulsory process issued by any Governmental or Regulatory Authority or Taxation Authority provided such disclosure shall, so far as practical, be made after consultation with the Purchaser or the Seller (as applicable) and after taking into account their reasonable requirements as to its timing, content and manner of making or despatch;
  180. was already in the lawful possession of that Party or its Representatives without any obligation of confidentiality (as evidenced by written records);
  181. comes into the public domain other than as a result of a breach by a Party of this Clause 27;
  182. lawfully comes into the possession of that Party, its Affiliates or their Representatives from a third party that expressly represents that it has the right to disseminate such information at the time it is acquired by such Party; or
  183. receives prior written consent to the disclosure from the other Party.
- d.. The confidentiality restrictions in Clauses 27.1 to 27.3 shall continue to apply after the termination of this Agreement for a period of five (5) years.
- e.. Without prejudice to any other rights or remedies which the Parties may have, the Purchaser and the Seller acknowledge and agree that damages would not be an adequate remedy for any breach of the confidentiality restrictions in Clauses 27.1 to 27.3 and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision and no proof of special damages shall be necessary for the enforcement of the rights under Clauses 27.1 to 27.3.
- f.. The Parties acknowledge and agree that, to the extent applicable and subject to its terms, the Purchaser shall also be bound by the provisions of the Confidentiality Agreement in respect of any “Confidential Information” (as that term is used and defined in the Confidentiality Agreement) that relates to any member of the Retained Group (other than the Seller) other than all information it has received or obtained about the Retained Group as a result of negotiating or entering into the Transaction Documents, which shall remain in force and full effect in accordance with its terms. If there is any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall prevail.

## **28. Costs and expenses**

Each Party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Shares and the preparation, execution and carrying into effect of this Agreement and the other Transaction Documents. Each Party shall bear and pay the costs and expenses of any advisers, consultants, investment bankers or other parties hired by it in connection with the transaction contemplated in this Agreement and the other Transaction Documents.

## **29. Counterparts**

This Agreement may be executed in counterparts and shall be effective when each Party has executed and delivered a counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument. A signed copy of this Agreement delivered by scan, email or other form of electronic communications shall be deemed to have the same effect as the delivery of an original signed copy of this Agreement.

## **30. Severance and validity**

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction then: a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

## **31. Variations**

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of the Parties.

## **32. Remedies and waivers**

- a.. No waiver of any right under this Agreement or any other Transaction Document shall be effective unless in writing. Unless expressly stated otherwise a waiver shall be effective only in the circumstances for which it is given.
- b.. No delay or omission by any Party in exercising any right or remedy provided by law or under this Agreement, shall constitute a waiver of such right or remedy.
- c.. The single or partial exercise of a right or remedy under this Agreement shall not preclude any other nor restrict any further exercise of any such right or remedy.
- d.. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights or remedies provided by law except as otherwise expressly provided.
- e.. **No Double Recovery**

A Party shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same Losses or breach of this Agreement. For the purposes of this Clause 32.5, recovery by any of the Company or a Subsidiary following Partial Completion or Completion, as applicable shall be deemed to be recovery by the Purchaser.

- f.. **Exclusion of Limitations**

Nothing in this Agreement shall apply to limit a Claim under this Agreement that arises or is delayed as a result of fraud, fraudulent misstatement or misrepresentation or Wilful

Misconduct by a Party, any other member of a Group, the Retained Group or any of the Company or a Subsidiary or any of their respective officers or employees.

g.. Consequential Loss

Subject always to the provisions of Clause 32.6, in no event shall a Party be liable to another Party for any Claims for liabilities whether in contract, tort or breach of statutory duty or otherwise for any actual or expected:

- 184. indirect or consequential loss or anticipated loss of profits;
- 185. loss or anticipated loss of revenue, loss of goodwill, loss of opportunity, or loss of business; or
- 186. any other special, indirect or punitive consequential loss.

**33. Third party rights**

- a.. Save as expressly provided in Clauses 3.9 and Clause 33.2, a person who is not a Party or its successor or permitted assignee shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of this Agreement.
- b.. Clauses 9 (*Post-completion covenants*), 10 (*Seller's warranties*), 12 (*Purchaser' warranties and undertakings*), 13 (*Environmental indemnity*), 18.2 (*Access*), 20 (*Assurance*), 25 (*Announcements*) and 27 (*Confidentiality*) are intended to benefit members of the Retained Group and Clause 23 (*Entire agreement*) is intended to benefit a Party's Related Persons, and each such Clause shall be enforceable by any of them under the Contracts (Rights of Third Parties) Act 1999, subject to the other terms and conditions of this Agreement.
- c.. The Parties may amend or vary this Agreement in accordance with its terms without the consent of any other person.

**34. Governing law and jurisdiction**

- a.. This Agreement, including any non-contractual obligations arising out of or in connection with this Agreement and any and all other agreements and instruments executed and other documents delivered pursuant hereto, are governed by and shall be construed in accordance with English law.
- b.. The Parties agree that any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement (including a claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with this Agreement) (a "**Dispute**"), shall be referred to and finally settled by arbitration in accordance with the Arbitration Rules (the "**Rules**") of the International Chamber of Commerce ("**ICC**") as in force at the date of this Agreement and as modified by this Clause, which Rules shall be deemed incorporated into this Clause. The arbitral tribunal shall consist of three arbitrators. Within thirty (30) Days of the written request for arbitration, the claimant shall nominate one arbitrator and the respondent shall nominate the second arbitrator. The third arbitrator (who, subject to confirmation by the ICC Court, shall act as President of the arbitral tribunal) shall be appointed by the arbitrators nominated by



the claimant and respondent or, in the absence of agreement on the third arbitrator within fifteen (15) days of the nomination of the second arbitrator, by the ICC Court in accordance with the ICC Rules. If claimant and/or respondent fail to nominate an arbitrator, an arbitrator shall be appointed on their behalf by the ICC Court in accordance with the ICC Rules. In such circumstances, any existing nomination or confirmation of an arbitrator shall be unaffected, and the remaining arbitrator(s) shall be appointed in accordance with this Clause 34.2. If an arbitrator fails or is unable to act, his successor will be appointed in the same manner as the arbitrator whom he succeeds. The decision of a majority of the arbitrators shall be final and binding upon the Parties. Each arbitrator shall remain impartial and independent of the Parties involved in the arbitration. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply. Notwithstanding any inconsistencies with the Rules, a Request for Arbitration must be served on all other Parties to the dispute in accordance with Clause 24 (*Notices*) of this Agreement.

c.. In order to facilitate the comprehensive resolution of related disputes, all claims between the Parties that arise out of or in connection with this Agreement, any other Transaction Document or other instrument executed pursuant to this Agreement, or any of the Assets Documents may be brought in a single arbitration. Upon the request of any Party to an arbitration commenced pursuant to Clause 34.2 (an “**Arbitration**”), the arbitral tribunal shall consolidate the Arbitration with any other arbitration proceeding relating to this Agreement, any other Transaction Document or other instrument executed pursuant to this Agreement, or to any of the Assets Documents, and in respect of which the arbitral tribunal was constituted after the constitution of the arbitral tribunal in the Arbitration, if either:

187. all parties concerned agree; or

188. the arbitral tribunal determines that there are issues of fact or law common to the two proceedings so that a consolidated proceeding would be more efficient than separate proceedings; and no party would be prejudiced as a result of such consolidation through undue delay or otherwise.

In the event of an order for consolidation, (i) where the parties in the two proceedings are identical, the tribunal constituted first in time shall serve as the arbitral tribunal for the consolidated arbitration and (ii) where the parties in the two proceedings are not identical, a new arbitral tribunal for the consolidated arbitration shall be constituted in accordance with the provisions of Clause 34.2. Where a new tribunal is so constituted, for the avoidance of doubt, any rulings, directions or orders made by the arbitral tribunal constituted first in time, with the exception of outstanding orders for costs, will be of no effect. For the purpose of the constitution of the arbitral tribunal under this provision, and without prejudice to any party’s rights under applicable limitation periods, the consolidated arbitration will be considered to have been commenced on the date of receipt by all the parties of the order for consolidation.

d.. The Parties agree that before the constitution of the arbitral tribunal, any party to an Arbitration may effect joinder by serving notice on any party to this Agreement, the Transaction Documents or any instrument executed pursuant to this Agreement, or any one of the Assets Documents whom it seeks to join, provided that such notice is also sent to all other parties to the Arbitration within 30 days of service of the request for Arbitration. The

joined party will become a claimant or respondent party (as appropriate) in the Arbitration and participate in the arbitrator appointment process in Clause 34.2.

- e.. The Parties waive any claim to any damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages, and the tribunal is specifically divested of any power to award such damages.
- f.. The award of the tribunal shall be final and binding on the Parties (i.e. not subject to appeal), and the Parties agree that an arbitration award may be entered in any court having jurisdiction thereof. The tribunal shall have the right and authority to grant injunctive, declaratory and other equitable relief.
- g.. No arbitrator shall be a present employee or agent of, or consultant or counsel to, either Party or any Affiliate of either Party or a national of a state with which the domicile of any Party does not maintain diplomatic relations.
- h.. The arbitration shall be conducted in the English language and all documents submitted in connection with such proceeding shall be in the English language or, if in another language, accompanied by a certified English translation.
- i.. The parties to the arbitration shall each pay an equal amount of any advance on costs if in accordance with the ICC Rules. The tribunal shall be entitled to allocate the costs of arbitration between the parties to the arbitration, which costs shall be borne by each party to the arbitration as determined in any arbitral award or awards by the tribunal.
- j.. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement.
- k.. The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of England to support any arbitration pursuant to this Clause 34 including, if necessary, the grant of interlocutory relief.

### **35. Agent for service of process**

- a.. The Seller and Seller Guarantor irrevocably appoint Kosmos Energy LLC, and having its office at 11 Stratton Street, London, United Kingdom, W1J 8LG as its agent for service of process in England.
- b.. If any person appointed as agent for service of process ceases to act as such the relevant Party shall immediately appoint another person to accept service of process on its behalf in England and notify the other Parties of such appointment. If it fails to do so within ten (10) Business Days the other Parties shall be entitled by notice to the relevant Party to appoint a replacement agent for service of process.

**In Witness Whereof** each Party has executed this Agreement, or caused this Agreement to be executed by its duly authorised representatives.

## Schedule 1.

### (Details of the Company Group)

#### Part a.1

#### (Details of the Company)

Company name	: Portfolio Holdings
Date of incorporation and place of incorporation	: 10 August 2020
Registration number	: 365125
Registered office address	: Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	: Exempted
Authorised share capital	: 50,000
Shareholding of the Seller	: 100%
Shareholder – number of issued shares	: 1-50,000
Directors	: [***] [***]

**Part b.2 (a)**

**(Details of the Subsidiary)**

Company name	: KE Namibia Company
Date of incorporation and place of incorporation	: 17 August 2020
Registration number	: 365398
Registered office address	: Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	: Exempted
Authorised share capital	: 50,000
Shareholding of the Seller	: 100%
Shareholder – number of issued shares	: 1-50,000
Directors	: [***] [***]

**Part c.2 (b)**

**(Details of the Subsidiary)**

Company name	: KE STP Company
Date of incorporation and place of incorporation	: 17 August 2020
Registration number	: 365397
Registered office address	: Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	: Exempted
Authorised share capital	: 50,000
Shareholding of the Seller	: 100%
Shareholder – number of issued shares	: 1-50,000
Directors	: [***] [***]

## Part d.2 (c)

### (Details of the Subsidiary)

Company name	:	KE Suriname Company
Date of incorporation and place of incorporation	:	12 August 2020
Registration number	:	365493
Registered office address	:	Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	:	Exempted
Authorised share capital	:	50,000
Shareholding of the Seller	:	100%
Shareholder – number of issued shares	:	1-50,000
Directors	:	[***] [***]

**Part e.3(a)**

**(Details of the Existing Subsidiary)**

Company name	:	Kosmos Energy Namibia
Date of incorporation and place of incorporation	:	17 May 2018
Registration number	:	337033
Registered office address	:	Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	:	Exempted
Authorised share capital	:	50,000
Shareholding of the Seller	:	100%
Shareholder – number of issued shares	:	1-50,000
Directors	:	[***] [***] [***]

**Part f. 3(b)**

**(Details of the Existing Subsidiary)**

Company name	:	Kosmos Energy Sao Tome and Principe
Date of incorporation and place of incorporation	:	3 July 2015
Registration number	:	301785
Registered office address	:	Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	:	Exempted
Authorised share capital	:	50,000
Shareholding of the Seller	:	100%
Shareholder – number of issued shares	:	1-50,000
Directors	:	[***] [***] [***]



**Part g.3(c)**

**(Details of the Existing Subsidiary)**

Company name	:	Kosmos Energy Suriname
Date of incorporation and place of incorporation	:	13 May 2011
Registration number	:	256363
Registered office address	:	Circumference FS (Cayman) Ltd., PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209, Cayman Islands
Type of Company	:	Exempted
Authorised share capital	:	50,000
Shareholding of the Seller	:	100%
Shareholder – number of issued shares	:	1-50,000
Directors	:	[***] [***] [***]

## Schedule 2.

### (Completion Arrangements)

#### Part a.1

#### (Seller's Obligations)

At Completion, the Seller shall:

- i. execute and deliver to the Purchaser counterparts of the Transaction Documents to be executed by the Seller at Completion and procure the execution and delivery of those Transaction Documents (if any) to which a member of the Retained Group or a related person or the Company is a party; and
- i. deliver to the Purchaser:

#### Authorisations

1. a certified copy of each power of attorney under which any document to be delivered to the Purchaser has been executed (if any);
2. a copy of the minutes of the meeting of the board of directors (and, where required under applicable law or the relevant entity's constitutional documents, of the members) of the Seller, the Seller Guarantor, the Company and each Subsidiary (or its equivalent) duly authorising: (x) the execution of this Agreement and other Transaction Documents to which each is a party; and (y) the matters contemplated by this Agreement and the Transaction Document to which each is party (including, without limitation, (i) the transfer of one hundred percent (100%) of the Shares from the Seller to the Purchaser; (ii) the issue of a share certificate in the name of the Purchaser in respect of one hundred percent (100%) of the Shares relating to individually numbered shares; (iii) the changes in the Company's and the Subsidiary's directors (and for this purpose the Purchaser shall notify the Seller of the incoming directors no later than ten Business Days prior to Completion); and (iv) the change in the Company's and the Subsidiary's registered office);

#### Director and Officer Documents

3. letters of resignation signed by all the directors of the Company and of the Subsidiaries, substantially in the form of Schedule 4 (*Form of Resignation Letter*) (the "**Outgoing Directors and Officers**");
4. a certified copy (certified by the registered office service provider of the Company) of the register of directors and officers of the Company maintained by (or on behalf of) the Company as updated to record the registration therein, as at Completion, of (x) the resignation of the Outgoing Directors and Officers of the Company and (y) the appointment of each Director and each Officer to the Company nominated by the Purchaser;
5. a certified copy (certified by the registered office service provider of the Subsidiaries) of the register of directors and officers of each Subsidiary maintained by (or on behalf of) the Subsidiary as updated to record the registration therein, as at Completion, of (x) the resignation of the Outgoing Directors and Officers of the Subsidiary and (y) the

appointment of each Director and each Officer to the Subsidiary nominated by the Purchaser;

### **Registered Office Documents**

6. evidence that the registered office of the Company and the Subsidiaries have been changed from their existing location to such registered office(s) (located in the Cayman Islands) as the Purchaser shall notify the Seller in writing no later than ten Business Days prior to Completion;

### **Register of Mortgages and Charges**

7. a certified copy (certified by the registered office service provider of the Company or the Subsidiary, as applicable) of the register of mortgages and charges of the Company and of the Subsidiary;

### **Share Documents**

8. a copy of the share transfer instruments executed by the Seller for the purposes of transferring one hundred percent (100%) of the Shares to Purchaser's share account;
9. each share certificate as previously issued in the name of the Seller in respect of the Shares, each such share certificate being duly cancelled;
10. a certified copy (certified by the registered office service provider of the Company) of the register of members of the Company maintained by (or on behalf of) the Company as updated to record the registration therein, as at Completion, of the transfer of one hundred percent (100%) of the Shares from the Seller to the Purchaser;
11. a share certificate in the name of the Company in respect of one hundred percent of the Shares;
12. a certified copy (certified by the registered office service provider of each Subsidiary) of the register of members of each Subsidiary maintained by (or on behalf of) the Subsidiary recording the registration of the Company as the holder of one hundred per cent (100%) of the Subsidiary Shares;

### **Other**

13. a copy of each of the executed relevant Inter Affiliate Transfer Agreements.

The Seller shall, as soon as reasonably practicable following Completion but no later than 5:00 p.m. (local time in the Cayman Islands) on the Completion Date, deliver to the new registered office of the Company and the Subsidiaries as notified to the Seller in accordance with paragraph 2.6 above:

- i. originals of the registers referred to in paragraphs 2.5, 2.6, 2.8, 2.12 and 2.14 above;
- i. the certificate of incorporation of the Company and of the Subsidiary;
- i. each certificate of incorporation on change of name of the Company and of each Subsidiary;

- z. the memorandum of association of the Company and of each Subsidiary;
- z. the articles of association of the Company and of each Subsidiary;
- i. a certificate of good standing in respect of the Company and of each Subsidiary to be dated within twenty (20) days of Completion or such other date as is nominated by the Purchaser;
- i. the minutes of all meetings of, and all resolutions consented to by, the directors, members, committees of directors and committees of members of the Company and of each Subsidiary;
- i. the tax exemption certificate of the Company and of each Subsidiary; and
- s. all common seal(s) of the Company and of each Subsidiary.

## **Part b.2**

### **(Purchaser's Obligations)**

At Completion, the Purchaser shall:

- i. procure that on the Completion Date and in accordance with Clause 4, the Initial Consideration shall be transferred to the Seller's Designated Account by wire transfer in immediately available cleared funds and shall deliver to the Seller SWIFT confirmations (in a form satisfactory to the Seller) that the payment of the above stated amount has been made pursuant to this Agreement;
- i. execute and deliver to the Seller or the Seller's Lawyers the Transaction Documents to be signed by it or any relevant member of its Group or a Related Person;
- i. deliver to the Seller or the Seller's Lawyers:
  1. an extract of the resolution of the board of directors resolving on the execution of this Agreement and other Transaction Documents to which it is a party;
  2. a certified copy of each power of attorney under which any document to be delivered to the Seller has been executed by it (if any); and
  3. a copy of the share transfer instructions executed by it for the purpose of transferring one hundred percent (100%) of the Shares to its share account.

### Schedule 3.

#### (Seller's Limitations on Liability for Warranty Claims)

##### i. Purchaser' Knowledge (actual, constructive and imputed)

1. The Seller shall not be liable to the Purchaser in respect of a Warranty Claim (other than a Warranty Claim for breach of a Fundamental Warranty or an ABC Warranty) to the extent that the facts and circumstances giving rise to such Warranty Claim were:
  - i. Disclosed before the execution of this Agreement or, in respect of matters arising between execution of this Agreement and Completion, Disclosed before Completion; or
  - ii. are within the actual knowledge of the Purchaser as at the date of this Agreement.
2. The Seller shall not be liable to the Purchaser in respect of a Warranty Claim, if the matter is capable of remedy and the Purchaser shall only be entitled to compensation if the matter is not remedied within thirty (30) days after the Seller receives written notice of the Warranty Claim.

##### i. Limitations on Quantum

1. The liability of the Seller in respect of any Warranty Claim (excluding any Warranty Claim in relation to an ABC Warranty which shall not be subject to limitation):
  - iii. shall not arise unless and until the amount of such Warranty Claim exceeds [\*\*\*] (in which case the liability of the Seller shall be for the full amount of the Warranty Claim);  
  
and
  - iv. shall not (when aggregated with the amount of all other Warranty Claims) exceed [\*\*\*] of the Initial Consideration, other than the liability of the Seller in respect of any Fundamental Warranty or Tax Warranty which shall not exceed [\*\*\*] of the Initial Consideration.

##### i. Time Limits

1. The Seller shall not be liable in respect of any Warranty Claim (other than an Environmental Indemnity Claim or in respect of a Tax Warranty or an ABC Warranty) unless written notice containing full details of such Warranty Claim is given by or on behalf of the Purchaser to the Seller by no later than [\*\*\*] from the date of Partial Completion or Completion, as applicable, provided that any such Warranty Claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been withdrawn and the Seller shall have no liability for such Warranty Claim unless arbitration proceedings in respect of it have been properly issued and validly served within [\*\*\*] of such written notice being given to the Seller.

2. The Seller shall not be liable in respect of any Environmental Indemnity Claim unless written notice containing full details of such Environmental Indemnity Claim is given by or on behalf of the Purchaser to the Seller by no later than [\*\*\*] from the date of Partial Completion or Completion Date, as applicable provided that any such Environmental Indemnity Claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been withdrawn and the Seller shall have no liability for such Environmental Indemnity Claim unless arbitration proceedings in respect of it have been properly commenced within [\*\*\*] of such written notice being given to the Seller. Notwithstanding the foregoing, the Parties expressly agree that no time limit for notification or the commencement of arbitration proceedings shall apply in relation to any Environmental Indemnity Claim made under Clause 13.3.
3. The Seller shall not be liable for a Warranty Claim in respect of any Tax Warranty unless written notice containing full details of such Warranty Claim is given by or on behalf of the Purchaser to the Seller by no later than [\*\*\*] or such later period as provided under applicable law from the date of Partial Completion or Completion Date, as applicable, provided that any such Warranty Claim shall (if not previously satisfied, settled or withdrawn) be deemed to have been withdrawn and the Seller shall have no liability for such Warranty Claim unless arbitration proceedings in respect of it have been properly commenced within [\*\*\*] of such written notice being given to the Seller.

7. **Contingent Liability**

The Seller shall not be liable for any Warranty Claim by the Purchaser based upon a liability which is contingent unless and until such contingent liability becomes an actual liability but this provision shall not operate to avoid a Warranty Claim which has been notified in accordance with paragraph 3.

7. **Retrospective Legislation**

The Seller shall not be liable for any Warranty Claim to the extent that the Warranty Claim arises (or is increased) as a result of any change in any legislation or any change in the published practice of a Tax Authority (including the withdrawal of any extra-statutory concession) of any Tax Authority or in the judicial interpretation of the law on or after the date of this Agreement.

i. **Voluntary Acts or Omissions**

The Seller shall not be liable to the Purchaser for any Warranty Claim to the extent that such Warranty Claim arises or increases directly or indirectly as a result of any voluntary act or omission of any member of the Shell Group (including, following Partial Completion or Completion, as applicable, the Company or a Subsidiary) in breach of this Agreement after the date of this Agreement.

i. **Cease in Ownership**

The Seller shall not be liable to the Purchaser for any Warranty Claim arising out of an event, matter, circumstance, act or omission in respect of any member of the Company Group which occurs after such member of the Company Group have ceased to be a subsidiary of the Purchaser or a member of the Shell Group.

i. **NOT USED**

κ. **Duty to Mitigate**

The Purchaser shall take reasonable steps to mitigate any loss or damage which it may suffer as a result of any Warranty Claim by the Purchaser in connection with a breach of the Warranties by Seller.

κ. **Loss Otherwise Compensated**

1. The Seller shall not be liable to the Purchaser for any Claim to the extent that the matter giving rise to such Claim has been made good or is otherwise compensated for without loss to that Purchaser.
2. In assessing a Claim, corresponding savings by, or net benefits to, the Shell Group shall be taken into account (including the amount by which Taxation is actually saved as a result of the Loss which is the subject of the Claim).

i. **Recovery from Third Parties**

1. The Seller will not be liable for any claim under this Agreement (including any Warranty Claim) to the extent that the Purchaser recovers under an indemnity against or otherwise from a person other than the Seller in respect of any Loss flowing from the breach or by reason of any fact, matter or circumstance giving rise to the breach, whether by way of contract, tort, indemnity or otherwise. Upon recovery of such amount the Purchaser shall:
  - v. deduct the full amount from the Claim (if the entitlement of the Purchaser to recover arose before payment is made by the Seller under the Claim); or
  - vi. repay to the Seller the lesser of such amount paid by the Seller to the Purchaser under the Claim or the full amount recovered by that Purchaser (if the entitlement to recover arose after payment had been made by the Seller under the Claim).

i. **Conduct of Claims**

1. If a Warranty Claim (other than a Warranty Claim under the Tax Warranties) arises as a result of, or in connection with, a liability or alleged liability of any member of the Company Group or a Subsidiary to a third party (a **Third Party Claim**), then the Seller may, at any time before any final compromise, agreement, expert determination or non-appealable decision of a court or tribunal of competent jurisdiction is made in respect of the Third Party Claim or the Third Party Claim is otherwise disposed of, give notice to the Purchaser that it elects to assume the conduct of any dispute, compromise, defence or appeal of the Third Party Claim and of any incidental negotiations on the following terms:
  - vii. the Seller must agree to indemnify the Purchaser and the relevant member of the Company Group or Subsidiary against all costs and expenses which they may reasonably incur in taking any such action as the Seller may request pursuant to Clauses 12.1(c) and (c);



- viii. the Purchaser must make and must procure that the relevant member of the Company Group or Subsidiary makes available to the Seller such persons and all such information as the Seller may request for assessing, contesting, disputing, defending, appealing or compromising the Third Party Claim;
- ix. the Purchaser must take and must procure that the relevant member of the Company Group or Subsidiary takes such action to assess, contest, dispute, defend, appeal or compromise the Third Party Claim as the Seller may request and does not make any admission of liability, agreement, settlement or compromise in relation to the Third Party Claim without the prior written approval of the Seller; and
- x. the Seller must keep the Purchaser informed of the progress of the Third Party Claim and provide the Purchaser with copies of all relevant documents and such other information in its possession as may be requested by the Purchaser (acting reasonably).

:

2. The Seller shall not be entitled to take sole conduct of a Third Party Claim in accordance with paragraph 12.1 to the extent such Third Party Claim has been brought against the Purchaser or any member of the Company Group or Subsidiary by any Governmental or Regulatory Authority of the Republic of Namibia, Democratic Republic of Sao Tome and Principe or the Republic of Suriname, save that where such Third Party Claim has been brought by a Tax Authority or an Environmental authority the Seller and the Purchaser shall:

- xi. ensure that the other Parties are kept fully informed of the progress of any such Third Party Claim;
- xii. ensure that the other Party receive copies of, or extracts from, all material written correspondence to or from any relevant Tax Authority or Environmental authority which has brought the relevant Third Party Claim; and
- xiii. consult with each other (in good faith and from time to time) as to the appropriate steps to be taken in relation to the conduct of any such Third Party Claim including any decision to avoid, defend, dispute, mitigate, appeal, settle or compromise the Third Party Claim (provided that in circumstances where there is any disagreement between the Seller and the Purchaser (each acting reasonably) with regard to any step proposed to be taken in relation to the conduct of such a Third Party Claim, the Purchaser shall be entitled to take, or procure that there is taken, such step as it considers to be appropriate).

i. **Purchaser's diligence**

The Purchaser acknowledges that it is an experienced, sophisticated Purchaser and has conducted its own investigation with respect to the acquisition of the Company and the Subsidiaries.

**Schedule 4.**

**(Form of Resignation Letter)**

To: [Company] or {Subsidiary}

Address: [●]

[\_\_] 2020

Dear Sirs,

I, [●] hereby resign as a Director and (if appointed as officer) officer of [●], (registration number \_\_\_\_\_) and [●] (registration number \_\_\_\_\_), each having its registered office at \_\_\_\_\_, PO Box \_\_\_\_\_, George Town, Grand Cayman, KY1-1102, Cayman Islands, (the “**Company**”) with immediate effect.

I acknowledge that I have no claim whatsoever against the Company in respect of fees, remuneration, expenses, compensation for loss of office, or otherwise arising from my resignation as a director and officer of the Company, except only for any accrued remuneration and for any reimbursable business expenses incurred up to and including the date of this deed. To the extent that any such claim exists or may exist, I irrevocably and unconditionally waive such claim and release the Company from any liability in respect thereof. I confirm that no arrangement is outstanding under which the Company have or may have any obligation to me.

I confirm and acknowledge that I have no claim or right of action of any nature whatsoever outstanding against the Company or any of its officers or employees for breach of contract, compensation for loss of office, redundancy or unfair dismissal or on any other grounds whatsoever in respect of the termination of my directorship. To the extent that any such claim exists or may exist, I irrevocably and unconditionally waive such claim and release the Company and its officers and employees from any liability in respect thereof.

This deed and all contractual and non-contractual obligations arising out of it shall be governed by and construed in accordance with English law.

In witness whereof, this letter is executed as a deed on the date first mentioned.

**EXECUTED** as a **DEED** by

[Name of director]

in the presence of: .....

.....

Witness  
Name

Address  
Occupation

**Schedule 5.**

**(Senior Managers and Officers and Directors)**

[\*\*\*]

**Schedule 6.**

**(Transitional Operator Services Agreements)**

**Signed** for and on behalf  
of **KOSMOS ENERGY OPERATING**

/s/ Oliver Quinn  
Oliver Quinn  
Vice President

**Signed** for and on behalf  
of **KOSMOS ENERGY HOLDINGS**

/s/ Oliver Quinn  
Oliver Quinn  
Vice President

**Signed** for and on behalf  
of **B.V. DORDTSCHHE PETROLEUM MAATSCHAPPIJ**

/s/ Attorney in Fact  
Attorney in Fact

\*\*\* INDICATES CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT THAT HAVE BEEN OMITTED PURSUANT TO ITEM 601(B) OF REGULATION S-K BECAUSE THE IDENTIFIED CONFIDENTIAL PORTIONS (I) ARE NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

**Execution Version**

**Dated 08 September 2020**

# **Portfolio Agreement**

between

**KOSMOS ENERGY OPERATING**

as Kosmos

and

**B.V. DORDTSCHHE PETROLEUM MAATSCHAPPIJ**

as Shell

## Table of Contents

<a href="#">1. Interpretation</a>	<a href="#">1</a>
<a href="#">2. Portfolio Sale</a>	<a href="#">11</a>
<a href="#">3. Consideration and Contingent Consideration</a>	<a href="#">11</a>
<a href="#">4. Not Used</a>	<a href="#">12</a>
<a href="#">5. Not Used</a>	<a href="#">12</a>
<a href="#">6. Termination</a>	<a href="#">12</a>
<a href="#">7. Mutual Warranties</a>	<a href="#">13</a>
<a href="#">8. Withholding</a>	<a href="#">14</a>
<a href="#">9. Assignment</a>	<a href="#">15</a>
<a href="#">10. Entire agreement</a>	<a href="#">15</a>
<a href="#">11. Notices</a>	<a href="#">15</a>
<a href="#">12. Announcements</a>	<a href="#">16</a>
<a href="#">13. Confidentiality</a>	<a href="#">17</a>
<a href="#">14. Costs and expenses</a>	<a href="#">18</a>
<a href="#">15. Counterparts</a>	<a href="#">18</a>
<a href="#">16. Severance and validity</a>	<a href="#">18</a>
<a href="#">17. Variations</a>	<a href="#">18</a>
<a href="#">18. Remedies and waivers</a>	<a href="#">18</a>
<a href="#">19. Third party rights</a>	<a href="#">19</a>
<a href="#">20. Governing law and jurisdiction</a>	<a href="#">20</a>
<a href="#">21. Future Relations</a>	<a href="#">22</a>



This agreement is made on 08 September 2020 (the “**Agreement**”)

**Between:**

- (1) **KOSMOS ENERGY OPERATING**, a company established under the laws of the Cayman Islands, with Company number 231417 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands (“**Kosmos**”); and
- (2) **B.V. DORDTSCHIE PETROLEUM MAATSCHAPPIJ**, a company established under the laws of The Netherlands, with Company number 27002689 and having its registered office at Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands (“**Shell**”).

(together referred to as the “**Parties**”, and each individually as a “**Party**”).

**Whereas:**

- (A) On or about the Execution Date, the Parties have entered into the share sale and purchase agreement by and between Kosmos and Shell concerning the transfer of the Namibia Portfolio Asset, the STP Portfolio Assets and the Suriname Portfolio Asset through the Purchase of the Shares and/or the procurement of the purchase of the Subsidiary Shares (as applicable) (“**Share Sale and Purchase Agreement**”);
- (B) On or about the Execution Date, the farmout agreement by and between Kosmos Energy South Africa Limited, an Affiliate of Kosmos, and Shell Offshore Upstream South Africa B.V. an Affiliate of Shell concerning the transfer of the South Africa Portfolio Asset (“**Farm Out Agreement**”) has been entered into; and
- (C) The Share Sale and Purchase Agreement and the Farm Out Agreement are part of an integrated portfolio transaction pursuant to the terms of this Agreement and the Parties wish to further address certain matters.

**Now it is hereby agreed** as follows:

## **1. Interpretation**

- a. In this Agreement and the Schedules to it:

“**ABC Warranties**” means the warranties from Kosmos set out in Clause 7;

“**Affiliate**” means, in relation to a Party, its Ultimate Parent Company; or a company (other than the Party itself) which is, from time to time, directly or indirectly controlled by the Ultimate Parent Company.

For the purpose of this definition:

- (I) a company is directly controlled by another company if the latter company beneficially owns fifty per cent (50%) or more of either the issued share capital or the voting rights attached to the issued share capital of the first mentioned company; and

- (II) a company is indirectly controlled by another company if a series of companies can be specified, beginning with the latter company and ending with the first mentioned company, which are so related such that each company of the series (except the latter company) is directly controlled by one or more of the companies earlier in the series;

**“Agreed Interest Rate”** means the Reference Interest Rate;

**“Anti-Bribery Laws”** means in each case: (i) the UK Bribery Act 2010 (as amended from time to time); (ii) the U.S. Foreign Corrupt Practices Act of 1977 (as amended from time to time); (iii) any other applicable law, rule or regulation including those of the Republic of Namibia, Democratic Republic of Sao Tome and Principe, the Republic of South Africa and the Republic of Suriname that prohibit the facilitation of tax evasion, money laundering or otherwise dealing in the proceeds of crime or the bribery of, or the providing of unlawful gratuities, facilitation payments or other benefits to, any Government Official or any other person; and (iv) for each Party, the laws prohibiting the bribery of, or the providing of unlawful gratuities or benefits to, any Government Official or any other person and bribery and corruption in the countries of such Party’s place of incorporation, principal place of business, or place of registration as an issuer of securities, or in the countries of such Party’s Ultimate Parent Company’s place of incorporation, principal place of business, or place of registration as an issuer of securities. For purposes of this Agreement, the laws described above will be treated as though they apply to each Party, its Affiliates, its Associated Persons, directors, officers, employees, agents or consultants;

**“Arbitration”** has the meaning given in Clause 20.3 (*Governing law and jurisdiction*);

**“Assets Documents”** means all deeds, contracts, permits, instruments, notices and other documents to the extent affecting or otherwise pertaining to a Contract Area or a member of the Company Group (including its assets or operations), as any of the same may have been or may be assigned, amended, modified, varied, replaced or novated from time to time;

**“Associated Person”** means, in relation to an entity, a person who performs or has performed services for or on that entity’s behalf;

**“Business Day”** means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks are open for business in London, Amsterdam, New York and Dallas, Texas;

**“Claim”** means any claim, demand, legal proceedings or cause of action including any claim, demand, legal proceedings or cause of action under common law or under statute in any way relating to this agreement and includes a claim, demand, legal proceeding or cause of action arising from a breach of Warranty or under an indemnity in this Agreement and **“Claims”** shall mean all such claims;

**“Company”** means Portfolio Holdings, a company established under the laws of the Cayman Islands, with company number 365125 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands;

“**Company Act**” means the Company Act 2006 as enacted by the Parliament of the United Kingdom;

“**Company Group**” means the Company and the Subsidiaries;

“**Completion**” shall have the meaning given to such term in the Share Sale and Purchase Agreement or the Farm Out Agreement as applicable;

“**Completion Date**” means the date of Completion;

“**Contingent Consideration**” means [\*\*\*];

“**Continuing Provisions**” means those Clauses which are expressed to survive its termination or expiry, or which from their nature or context it is contemplated that they are to survive termination (including Clause 1 (*Interpretation*), Clause 9 (*Assignment*), Clause 10 (*Entire agreement*), Clause 11 (*Notices*), Clause 12 (*Announcements*), Clause 13 (*Confidentiality*), Clause 14 (*Costs and expenses*), Clause 16 (*Severance and validity*), Clause 17 (*Variations*), Clause 18 (*Remedies and waivers*), Clause 19 (*Third party rights*), Clause 20 (*Governing law and jurisdiction*) and Clause 21 (*Agent for service of process*), all of which shall, unless expressly stated to the contrary, continue to apply after the termination of this Agreement without limit;

“**Contract Areas**” means the areas on which oil and gas exploration, development and/or production are authorised pursuant to the PSCs;

“**Data Room**” means the electronic data room established by Kosmos and to which Shell had access from 3 August 2020 to the Completion Date (both dates inclusive), holding the Data Room Documents;

“**Data Room Documents**” means the documents and data (including correspondence, electronic files, software and information) made available in a physical and/or virtual data room by or on behalf of Kosmos and/or any other member of the Retained Group and/or any member of the Company Group for inspection by or on behalf of Purchaser and/or any member of the Shell Group (and/or any of their Representatives) in relation to or connected with the Business, Company, its Subsidiaries and/or the PSCs and/or the JOAs as of 1700 hours U.S. Central Daylight time on 28 August 2020: the index and contents of which as contained on one or more USB hard drives which will be provided by Seller to Purchaser within ten (10) days after the Execution Date and which has been initialled by the Parties for identification purposes;

“**Designated Person**” means a person or entity:

- (a) listed in the index to, or otherwise subject to the provisions of, the Executive Order;
- (b) named as a “*Specially Designated National and Blocked Person*” (“**SDN**”) on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list;

- (c) in which an entity on the SDN list has 50% or greater ownership interest or that is otherwise controlled by an SDN; or
- (d) with which Kosmos or any member of the Retained Group is prohibited from dealing or otherwise engaging in any transaction by any Sanctions Laws and Regulations;

“**Disclosed**” means fully and fairly disclosed to Shell and/or any member of the Shell Group (and/or any of their Representatives) by or on behalf of Kosmos and/or any other member of the Retained Group and/or any member of the Company Group:

- (a) in the Disclosure Letter; and/or
- (b) in the Data Room Documents;

“**Disclosure Letter**” means the disclosure letter in the agreed form and dated as of the date of this Agreement, addressed by Kosmos to Shell and delivered to Shell before the execution of this Agreement;

“**Discovery**” has the meaning provided in the relevant PSC;

“**Dispute**” has the meaning given in Clause 20.2 (*Governing law and jurisdiction*);

[\*\*\*]

“**Execution Date**” means the date this Agreement is executed by both Kosmos and Shell;

“**Executive Order**” means the US presidential Executive Order No. 13224 of 23 September 2001, entitled Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism or any other order which superseded or amended the Executive Order No. 13224;

“**Exploration Well**” has the meaning given to that term in the relevant JOA;

“**Farmout Agreement**” has the meaning given to such term in Recital B;

“**Government Official**” means (i) any official, employee, agent, advisor or consultant employed by or acting on behalf of a government or any federal, regional or local department, agency, state-owned or state-operated enterprise or corporation or any other instrumentality thereof, (ii) any official or employee or agent of a public international organisation designated by Executive Order pursuant to 22 U.S.C. § 288 or as defined in Section 6(6) of the UK Bribery Act 2010 (as amended), (iii) any official or employee or agent of a political party or candidate for political office, (iv) any person acting in an official capacity for a government regardless of rank or position, any official or employee of a company wholly or partially controlled by a government (for example, a state owned oil company), (v) any officer or employee of a public international organisation, such as the United Nations or the World Bank, or (vi) any immediate family member (meaning a spouse, dependent child or household member) of any of the foregoing.

**“Governmental or Regulatory Authority”** means any court, tribunal, arbitrator, legislature, government, ministry, committee, inspectorate, authority, agency, commission, official or other competent authority of any country or any state, as well as any region, city or other political subdivision of any of the foregoing;

**“ICC”** has the meaning given in Clause 20.2 (*Governing law and jurisdiction*);

**“JOA”** means individually and **“JOAs”** means all of the following:

- (a) Namibia JOA: Joint Operating Agreement by and between Shell Namibia Upstream B.V. and the National Petroleum Corporation of Namibia dated February 20, 2015, as amended (**“Namibia JOA”**)
- (b) Sao Tome and Principe JOAs:
  - (i) Block 6 JOA: Joint Operating Agreement by and between Galp Energia Sao Tome e Principe, Unipessoal, LDA and Agencia Nacional do Petroleo de Sao Tome E Principe dated October 26, 2015, as amended (**“Block 6 JOA”**);
  - (ii) Block 10 JOA: Joint Operating Agreement by and between BP Exploration (STP) Limited, Kosmos Energy Sao Tome and Principe and Agencia Nacional do Petroleo de Sao Tome E Principe dated September 20, 2018, as amended (**“Block 10 JOA”**);
  - (iii) Block 11 JOA: Joint Operating Agreement by and between Agencia Nacional do Petroleo de Sao Tome E Principe, Galp Energia Sao Tome e Principe, Unipessoal, LDA and Kosmos Energy Sao Tome and Principe dated December 13, 2016, as amended (**“Block 11 JOA”**);
  - (iv) Block 13 JOA: Joint Operating Agreement by and between BP Exploration (STP) Limited, Kosmos Energy Sao Tome and Principe and Agencia Nacional do Petroleo de Sao Tome E Principe dated September 20, 2018, as amended (**“Block 13 JOA”**);
- (c) South Africa JOA: Joint Operating Agreement by and between Shell Exploration and Production (79) B.V., Kosmos Energy South Africa Limited and OK Energy Limited dated September 27, 2019, as amended (**“South Africa JOA”**);
- (d) Suriname JOA: Joint Operating Agreement by and between Kosmos Energy Suriname and Chevron Suriname Exploration Limited dated November 29, 2012, as amended (**“Suriname JOA”**);

**“Kosmos’ Designated Account”** means the US Dollars bank account in the name of Kosmos Energy Operating [\*\*\*];

**“Loss”** or **“Losses”** means all demands, losses, liabilities, actions, proceedings and claims, including charges, costs, damages, payments, fines, penalties, interest and all reasonable legal and other professional fees and expenses, including, in each case, all related Taxes, in any case of any nature whatsoever;

“**Namibia Portfolio Asset**” means an undivided forty-five percent (45%) Participating Interest in the Namibia PSC and the Namibia JOA;

“**Partial Completion**” shall have the meaning given to such term in the Share Sale and Purchase Agreement;

“**Participating Interest**” means as to any holder of a Portfolio Asset, the undivided interest of such party expressed as a percentage of the total interest of all parties in the rights and obligations derived from the Portfolio Asset;

“**Portfolio Asset**” means individually and “**Portfolio Assets**” means all of: the Namibia Portfolio Assets, the **South Africa Portfolio Assets**, the STP Portfolio Assets and the Suriname Portfolio Assets;

“**Portfolio Asset Interest Documents**” means:

- (a) the PSCs;
- (b) the JOAs; and
- (c) the Technical Services Agreement.

“**PSC**” means individually and “**PSCs**” means all of the following:

- (a) Namibia PSC: Petroleum Agreement by and between the Government of Republic of Namibia and Signet Petroleum Limited, Cricket Investments (Proprietary) Limited and the National Petroleum Corporation of Namibia dated 17 June 2011 in respect of petroleum exploration license PEL 0039, pertaining to offshore blocks 2913A and 2914B, as amended (“**Namibia PSC**”);
- (b) Sao Tome and Principe PSCs (“**STP PSCs**”):
  - (i) Block 6: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe and Galp Energia Sao Tome e Principe, Unipessoal, LDA dated October 26, 2015, as amended;
  - (ii) Block 10: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe, BP Exploration (STP) Limited and Kosmos Energy Sao Tome and Principe dated March 9, 2018, as amended;
  - (iii) Block 11: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe and ERHC Energy EEZ, LDA dated July 23, 2014, as amended; and
  - (iv) Block 13: Production Sharing Contract by and between The Democratic Republic of Sao Tome and Principe, BP Exploration (STP) Limited and Kosmos Energy Sao Tome and Principe dated March 9, 2018, as amended;

- (c) South Africa PSC: the Exploration Right by the Republic of South Africa in favour of OK Energy Limited dated January 10, 2019, as amended (“**South Africa PSC**”);
- (d) Suriname PSC: Production Sharing Contract for Exploration, Development and Production by and between Staatsolie Maatschappij Suriname N.V. and Kosmos Energy Suriname dated December 13, 2011, as amended (“**Suriname PSC**”);

“**Reference Interest Rate**” means SOFR published by the Federal Reserve Bank of New York on its website [\*\*\*] points per annum;

“**Representatives**” means, in relation to a person, its directors, officers, employees, agent, external legal advisers, accountants, consultants, financial advisers and bankers;

“**Retained Group**” means Kosmos, the Ultimate Parent Company of Kosmos and the Ultimate Parent Company’s Affiliates from time to time, but excluding the Company Group after the Completion under the Share Sale and Purchase Agreement;

“**Rules**” has the meaning given in Clause 20.2 (*Governing law and jurisdiction*);

“**Sanctions Laws and Regulations**” means (i) any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the Executive Order, the USA Patriot Act of 2001, the Iran Threat Reduction and Syria Human Rights Act of 2012, the U.S. International Emergency Economic Powers Act (50 U.S.C. §§ 1701 et seq.), the U.S. Trading with the Enemy Act (50 U.S.C. App. §§ 1 et seq.), the U.S. United Nations Participation Act, the U.S. Syria Accountability and Lebanese Sovereignty Act, the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010, the Iran Sanctions Act, or Section 1245 of the National Defense Authorization Act of 2012, all as amended, or any of the foreign assets control regulations (including but not limited to 31 C.F.R., Subtitle B, Chapter V, as amended) or any other law or executive order relating thereto administered by OFAC, and any similar law, regulation, or Executive Order enacted in the United States after the date of this Agreement, (ii) any sanctions measures imposed by the United Nations Security Council, European Union or any of its present member states, or the United Kingdom and (iii) any applicable trade or economic sanctions or embargoes, Designated Persons lists issued by the respective authorities, controls on the imports, export, re-export, use, sale, transfer, trade, or otherwise disposal of goods, services or technology, anti-boycott legislation or similar laws or regulations, rules, restrictions, licenses, orders or requirements in force from time to time, including without limitation those of the European Union, the United Kingdom, the United States of America or under applicable laws;

“**Shares**” means, all the shares in the Company with a par value of USD 1 each, representing 100% of the shares in the issued share capital of the Company;

“**Share Sale and Purchase Agreement**” has the meaning given to such term in Recital A;

“**SOFR**” means the secured overnight financing rate published by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator)

on the Federal Reserve Bank of New York's website, for the period closest in duration to period of the late payment period;

“**South Africa Portfolio Asset**” means the South Africa PSC and the South Africa JOA;

“**STP Block 6 Portfolio Asset**” means the Block 6 PSC, the Block 6 JOA and the TSA;

“**STP Block 10 Portfolio Asset**” means the Block 10 PSC and the Block 10 JOA;

“**STP Block 11 Portfolio Asset**” means the Block 11 PSC and the Block 11 JOA;

“**STP Block 13 Portfolio Asset**” means the Block 13 PSC and the Block 13 JOA;

“**STP Portfolio Assets**” means an undivided twenty-five percent (25%) Participating Interest in the STP PSC for Block 6 and the Block 6 JOA; and an undivided thirty-five percent (35%) Participating Interest in and to the STP PSC for Block 10 and the Block 10 JOA, an undivided thirty-five percent (35%) Participating Interest in the STP PSC for Block 11 and the Block 11 JOA, and an undivided thirty-five percent (35%) Participating Interest in the STP PSC for Block 13 and the Block 13 JOA;

“**STP Transitional Operator Services Agreement**” means the transitional operator services agreement relating to certain transitional services to be provided by the Retained Group to the STP Subsidiary to be entered into on the Execution Date;

“**Subsidiary**” means individually and “**Subsidiaries**” means all of the following:

- (a) KE Namibia Company, a company established under the laws of the Cayman Islands, with company number 365398 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, (the “**Namibia Subsidiary**”);
- (b) KE Sao Tome and Principe Company, a company established under the laws of the Cayman Islands, with company number 365397 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, (the “**STP Subsidiary**”); and
- (c) KE Suriname Company, a company established under the laws of the Cayman Islands, with company number 365493 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, (the “**Suriname Subsidiary**”);

“**Subsidiary Shares**” means:

- (a) 50,000 ordinary shares each with a par value of USD 1 each in KE Namibia Company, a company established under the laws of the Cayman Islands, with company number 365398 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town,



KY1-1209, Grand Cayman, Cayman Islands, representing 100% of the shares in the issued share capital of the Subsidiary;

- (b) 50,000 ordinary shares each with a par value of USD 1 each in KE STP Company, a company established under the laws of the Cayman Islands, with company number 365397 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, representing 100% of the shares in the issued share capital of the Subsidiary; and
- (c) 50,000 ordinary shares each with a par value of USD 1 each in KE Suriname Company, a company established under the laws of Cayman Islands, with company number 365493 and having its registered office at Fourth Floor, Century Yard, Cricket Square, Elgin Avenue, P.O. Box 32322, George Town, KY1-1209, Grand Cayman, Cayman Islands, representing 100% of the shares in the issued share capital of the Subsidiary;

**“Suriname Transitional Operator Services Agreement”** means the transitional operator services agreement relating to certain transitional services to be provided by the Retained Group to the Suriname Subsidiary, to be entered into on the Execution Date;

**“Tax”** and **“Taxation”** means:

- (a) all taxes, assessments, charges, duties, fees, levies or other governmental charges in the nature of a tax, including all national, federal, state, local, municipal, foreign and other income, franchise, profits, gross receipts, capital gains, capital stock, transfer, property, sales, use, value-added, occupational, excise, severance, windfall profits, stamp, licence, payroll, social security, royalties, withholding and other taxes, assessments, charges, duties, fees, levies or other governmental charges in the nature of a tax (whether payable directly or by withholding, whether or not requiring filing, whether chargeable directly or primarily against or attributable directly or primarily to any member of the Company Group or any other person and whether any amount in respect of any of them is recoverable from any other person) in each case, wherever and whenever imposed by any Tax Authority; and
- (b) all penalties, charges, fines, costs and interest included in or relating to any Taxation falling in paragraph (a) above;

**“Tax Authority”** means any Governmental or Regulatory Authority or other authority anywhere in the world that has the power to impose, administer, levy, assess or collect any Tax;

**“Tax Statute”** any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax, or providing for the reporting, collection, assessment or administration of any Tax liability, and shall include orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision that amends, extends, consolidates or replaces the same or that has been amended, extended, consolidated or replaced by the same;

“**Technical Services Agreement**” means the Technical Services Agreement dated October 19, 2019 by and between Kosmos Energy Sao Tome and Principe and Galp São Tomé e Príncipe, Unipessoal, LDA;

“**Transaction Documents**” means:

- (a) this Agreement;
- (b) the Share Sale and Purchase Agreement;
- (c) the Farm Out Agreement;
- (d) the Disclosure Letter;
- (e) the Transitional Operator Services Agreements;

and “**Transaction Document**” shall mean any of them;

“**Transitional Operator Services Agreement**” means individually and “**Transitional Operator Services Agreements**” means both the Suriname Transitional Operator Services Agreement and the STP Transitional Operator Services Agreement;

“**Ultimate Parent Company**” means, in relation to Shell, Royal Dutch Shell plc, and, in relation to the Kosmos, Kosmos Energy Ltd.;

“**Warranties**” means the warranties set out in Clause 6.3 (*Mutual warranties*) given by Kosmos and “**Warranty**” shall be construed accordingly;

“**Wilful Misconduct**” means any act or failure to act (whether sole, joint, or concurrent) by a person or entity which was intended to cause, or which was in reckless disregard of or wanton indifference to, the harmful consequences such person or entity knew, or should have known such act or failure would have on the safety or property of another person or entity or the environment;

- b. The expression “**in the agreed form**” means in the form agreed between the Parties and signed for the purposes of identification by or on behalf of the Parties.
- c. Any reference to “**writing**” or “**written**” means any method of reproducing words in a legible and non-transitory form (excluding, for the avoidance of doubt, email).
- d. References to “**include**” or “**including**” are to be construed without limitation.
- e. References to a “**company**” include any company, corporation or other body corporate wherever and however incorporated or established.
- f. References to a “**person**” include any individual, company, partnership, joint venture, firm, association, trust, Governmental or Regulatory Authority or other body or entity (whether or not having separate legal personality).

- g. The expressions “**body corporate**”, “**holding company**”, “**parent undertaking**”, “**subsidiary**” and “**subsidiary undertaking**” shall have the meaning given in the Company Act.
- h. The table of contents and headings are inserted for convenience only and do not affect the construction of this Agreement.
- i. Unless the context otherwise requires, words in the singular include the plural and vice versa and a reference to any gender includes all other genders.
- j. References to Clauses, paragraphs and Schedules are to clauses and paragraphs of, and schedules to, this Agreement. The Schedules form part of this Agreement.
- k. References to any statute or statutory provision include a reference to that statute or statutory provision as amended, consolidated or replaced from time to time (whether before or after the date of this Agreement) and include any subordinate legislation made under the relevant statute or statutory provision except to the extent that any amendment, consolidation or replacement would increase or extend the liability of any Party to another under this Agreement.
- l. References to any English legal term for any action, remedy, method of judicial proceedings, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include what most nearly approximates in that jurisdiction to the English legal term.
- m. All payments required in accordance with this Agreement shall be made in USD. For the purposes of applying a reference to a monetary sum expressed in USD, an amount in a different currency shall be converted into USD on a particular date at an exchange rate equal to the mid-point closing rate for converting that currency into USD on that date as quoted in the New York edition of the Financial Times first next published (or, if no such rate is quoted in the Financial Times, the mid-point closing rate quoted by Barclays Bank PLC in London). In relation to a Claim, the date of such conversion shall be the date of receipt of notice of that Claim.
- n. This Agreement shall be binding on and be for the benefit of the successors of the Parties.

## **2. Portfolio Sale**

- a. Kosmos shall, or procure that its Affiliates shall, sell, as an integrated portfolio transaction, its, and its Affiliates’, interests in the Portfolio Assets and Shell shall or procure that its Affiliates shall, purchase the Portfolio Assets with all rights attaching or accruing to them at Completion on the terms, provisions and subject to the conditions precedent of the Share Sale and Purchase Agreement or the Farm Out Agreement (as applicable).
- b. Completion or Partial Completion (as applicable) shall occur as provided in the Farmout Agreement or the Share Sale and Purchase Agreement.

### 3. Consideration and Contingent Consideration

- a. The consideration payable for the Portfolio Assets shall consist of (a) the consideration payable at Completion (and/or Partial Completion as appropriate) as provided in the Share Sale and Purchase Agreement and the Farmout Agreement; and (b) the Contingent Consideration.
- b. [\*\*\*]
  - (i) [\*\*\*]
  - (ii) [\*\*\*]
    - (1) [\*\*\*]
    - (2) [\*\*\*]
    - (3) [\*\*\*]
  - (iii) [\*\*\*]
  - (iv) [\*\*\*]
  - (v) [\*\*\*]
  - (vi) [\*\*\*]
    - (1) [\*\*\*]
    - (2) [\*\*\*]
    - (3) [\*\*\*]
  - (vii) [\*\*\*]
    - (1) [\*\*\*]
    - (2) [\*\*\*]
    - (3) [\*\*\*]
- c. [\*\*\*]
- d. [\*\*\*]
- e. [\*\*\*]
- f. [\*\*\*]
- g. [\*\*\*]

**4. Not Used**

**5. Not Used**

**6. Termination**

- a. This Agreement shall terminate and, subject to Clause 6.3, each Party's rights and obligations shall cease to have force and effect from such termination if at any time prior to Completion Shell gives written notice of termination to Kosmos following the termination of the Share Sale and Purchase Agreement and the Farm Out Agreement.
- b. Save for the Parties' express right to terminate in this Clause 6 and 7.5 (*Mutual Warranties*), the Parties shall not be entitled to rescind or terminate this Agreement, whether before or after Completion. Nothing in this Clause 6 shall operate to limit or exclude any liability for fraud, fraudulent misstatement or misrepresentation or Wilful Misconduct.
- c. If this Agreement is terminated by a Party in accordance with this Clause 6 or Clause 7.5 (*Mutual Warranties*) the rights and obligations of the Parties under this Agreement shall cease immediately, save in respect of the respective rights and liabilities of each of the Parties accrued prior to such termination and their rights and obligations under the Continuing Provisions.

**7. Mutual Warranties**

- a. The Parties make the following warranties to each other as of the date of this Agreement and the date of Partial Completion or the Completion Date, as applicable.
  - (i) Each Party warrants that in connection with this Agreement and the Agreement's subject matter (and in the case of the Seller, in connection with the Portfolio Asset Interest Documents, the Seller's and its Affiliates, its Associated Persons, its directors, officers, employees, agents, or consultants, or any other person acting for, or on behalf of the Party or its Affiliates activities in the Republic of Namibia, Democratic Republic of Sao Tome and Principe, the Republic of South Africa and the Republic of Suriname, and the activities of any member of the Group Company), except as otherwise Disclosed and except as set forth in subsection (a)(iii) below, directly or indirectly:
    - (1) have not violated or committed any act that would constitute a violation of, or an offence under, any Anti-Bribery Laws or Sanctions Laws and Regulations, irrespective of whether the Anti-Bribery Laws or Sanctions Laws and Regulations apply;
    - (2) have not paid, offered, promised, or authorised the payment, directly or indirectly, of any monies or anything of value to any person for the purpose of improperly influencing any act or decision by that person, or by a Government Official, to obtain, retain, or direct business or to secure an improper advantage;

- (3) have not, to the knowledge of the Party, been the subject of any actual, pending or threatened, legal, administrative, arbitral or other proceeding, claim, suit, inquiry, or action against, or government investigation in connection with any Anti-Bribery Laws or Sanctions Laws and Regulations in or concerning any jurisdiction, whether or not relating to operations or activities in the Republic of Namibia, Democratic Republic of Sao Tome and Principe, the Republic of South Africa and the Republic of Suriname, nor, so far as the Party is aware, are there any circumstances likely to give rise to any such investigation, inquiry or proceeding in or concerning activities or operations in the Republic of Namibia, Democratic Republic of Sao Tome and Principe, the Republic of South Africa and the Republic of Suriname; or
    - (4) have no injunction, order, judgment, ruling, or decree against them by or before any government in connection with any Anti-Bribery Laws or Sanctions Laws or Regulations.
  - (ii) In connection with the Agreement, each Party warrants and undertakes that it, its Affiliates, its directors, officers, employees, agents or consultants, and any other person acting for, or on behalf of, such Party, directly or indirectly shall not violate any Anti-Bribery Law or Sanctions Law or Regulation, or engage any act, practice, or conduct that would constitute a violation of, or an offence under, the Anti-Bribery Laws or Sanctions Laws and Regulations, as if those laws applied to it.
- b. Each Party shall defend, indemnify and hold the other Party and its Affiliates harmless from and against any and all Claims and Losses (including all Losses, suffered or incurred in investigating, settling or disputing any such action (actual or potential) and/or the reasonable costs of obtaining advice as to any such action (actual or potential)) which the other Party or its Affiliates may suffer or incur or which may be brought against it in any jurisdiction arising, out of, in respect of, or in connection with any breach by a Party, its Affiliates, or their directors, officers or employees of the warranties and undertakings under this Clause 7.
- c. Notwithstanding anything in this Agreement to the contrary, no provision shall be interpreted or applied so as to require any Party to do, or refrain from doing, anything which would constitute a violation of any law or regulation applicable to such Party.
- d. For the term of this Agreement and for a period of five (5) years thereafter, each Party shall reasonably cooperate in good faith with any reasonable request of any other Party to be entitled to review relevant documentation, and further each Party agrees to encourage its representatives, management and/or staff to engage in interviews at the request of any other Party, in order to verify compliance with the terms of this Clause 7 and the requirements of the Anti-Bribery Laws or Sanctions Laws and Regulations. Each Party shall cooperate fully and in good faith in any such audit or investigation conducted by another Party in relation to compliance with this Clause 7 and the Anti-Bribery Laws and Sanctions Laws and Regulations.

Notwithstanding anything in this Agreement to the contrary, each Party shall have the right to suspend or terminate this Agreement and any payments hereunder if the other Party has failed to comply with any of the terms of Clause 7.1(a) and/or Clause 7.1(b).

## **8. Withholding**

- a. Any payments made or due from a Party (the “**Payer**”) under this Agreement shall be affected by the Payer without any deduction or withholding of any Tax unless required by law. In the event that the Payer is obliged to deduct or withhold any such Tax under applicable law when effecting any such payment, the Payer shall:
  - (i) make the deduction or withholding and account to the relevant Tax Authority for the amount deducted or withheld within the time allowed and in the minimum amount required by law and promptly provide the Party receiving the relevant payment (the “**Payee**”) with evidence reasonably satisfactory to the Payee that it has done so; and
  - (ii) (other than where the relevant payment is, or is in respect, of the Contingent Consideration) increase the amount payable to the Payee to the extent necessary to ensure that after making the required deduction or withholding the Payee receives the payment in the amount it would have received had the Payer had no obligation to make the required deduction or withholding.
- b. The Payer covenants to pay to the Payee on demand an amount equal to any Losses incurred or suffered by the Payee as a result of any failure by the Payer to comply with its obligations under Clause 8.1(a).
- c. Notwithstanding any provisions to the contrary in this Agreement:
  - (i) Kosmos shall bear all transfer Taxes, any registration, documentary or stamp taxes and any notarial or recording fees and expenses incurred and imposed on, or with respect to, the transfers or transactions contemplated in this Agreement regardless of whether Kosmos, Shell or any member of the Company Group is individually or jointly liable for such Taxes under applicable Law or otherwise; and
  - (ii) Kosmos shall bear and be liable for any income, capital, real property transfer or gain, gross margin, franchise or gross receipts or indirect transfer capital gain taxes which may arise, in any jurisdiction, as a result of the transactions contemplated in this Agreement, including any such Taxes levied against or recoverable from Shell or any member of the Company Group.

## **9. Assignment**

- a. Neither Party may assign, transfer, charge, declare a trust of or otherwise dispose of all or any part of its rights and benefits under this Agreement or of any right or interest in any of them without the prior written consent of the other Party, provided that a Party shall be entitled to assign this Agreement in whole or in part without the consent of the other Party to any of its Affiliates.

## 10. Entire agreement

- a. This Agreement, together with the Transaction Documents and any other documents referred to in this Agreement or any Transaction Document, constitutes the whole agreement between the Parties and supersedes any previous arrangements or agreements between them relating to the sale and purchase of the Portfolio Assets.
- b. Save in relation to breach of this Agreement or any other Transaction Document, no Party nor any of its Related Persons shall have any right or remedy, or make any claim, against another Party nor any of its Related Persons in connection with the sale and purchase of the Portfolio Assets.
- c. In this Clause 10, “**Related Persons**” means, in relation to a Party, members of the Retained Group (in respect of Kosmos), the Shell Group (in respect of Shell) and the Representatives of that Party and of members of the Retained Group (in respect of Kosmos), the Shell Group (in respect of Shell).
- d. Nothing in this Clause 10 shall operate to limit or exclude any liability for fraud, fraudulent misstatement or misrepresentation or Wilful Misconduct.

## 11. Notices

- a. Any notice or other communication to be given under or in connection with this Agreement shall be in the English language in writing and signed by or on behalf of the Party giving it. A notice may be delivered personally or sent by pre-paid recorded delivery or international courier to the address provided in Clause 11.3 and marked for the attention of the person specified in that Clause.
- b. A notice shall be deemed to have been received at the time of its delivery, provided that if deemed receipt of any notice occurs after 5.30 p.m. or is not on a Business Day, deemed receipt of the notice shall be 9.30 a.m. on the next Business Day. References to time in this Clause 11.2 are to local time in the country of the addressee.
- c. Notices under this Agreement shall be sent to a Party at its address or number and for the attention of the individual set out below:

### **Kosmos**

Name: Kosmos Energy Operating

Address: in care of Kosmos Energy LLC, 8176 Park Lane, Suite 500,

Dallas, Texas 75231 USA

Attn: General Counsel

### **Shell**

Name: B.V. Dordtsche Petroleum Maatschappij

Address: Carel van Bylandtlaan 30, The Hague, 2596 HR, Netherlands



Attn: General Counsel Upstream

With a copy to: [\*\*\*]

- d. A Party shall notify the other Parties of any change to its details in Clause 11.3 in accordance with the provisions of this Clause 11, provided that such notification shall only be effective on the later of the date specified in the notification and five (5) Business Days after deemed receipt.

## 12. Announcements

No Party nor its Affiliates shall make any public announcements or other statements regarding the execution of this Agreement or any matter involving this Agreement or any of the transactions or documents contemplated under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed, except that a Party may make a public announcement that is required by law or to comply with any directives or other requirements of any law of any relevant jurisdiction or any securities exchange, Governmental or Regulatory Authority provided that, to the extent permissible, such Party gives the other Parties notice and a copy of the announcement at least forty-eight (48) hours prior to such announcement being made.

## 13. Confidentiality

- a. Save as expressly provided in Clause 13.3, Kosmos shall and shall procure that each member of the Retained Group shall treat as confidential the provisions of the Transaction Documents, all information they possess relating to each Group Company and all information they have received or obtained relating to Shell's Group as a result of negotiating or entering into the Transaction Documents.
- b. Save as expressly provided in Clause 13.3, Shell shall, and shall procure that each member of its Group shall, treat as confidential the provisions of the Transaction Documents and all information it has received or obtained about the Retained Group as a result of negotiating or entering into the Transaction Documents.
- c. A Party may disclose, or permit the disclosure of, information which would otherwise be confidential if and to the extent that it:
  - (i) is disclosed to Representatives of that Party or its Affiliates, if this is reasonably required in connection with this Agreement (and provided that such persons are required to treat that information as confidential);
  - (ii) is required to do so by law or any securities exchange, or by compulsory process issued by any Governmental or Regulatory Authority or Taxation Authority provided such disclosure shall, so far as practical, be made after consultation with Kosmos or Shell (as applicable) and after taking into account their reasonable requirements as to its timing, content and manner of making or despatch;

- (iii) was already in the lawful possession of that Party or its Representatives without any obligation of confidentiality (as evidenced by written records);
  - (iv) comes into the public domain other than as a result of a breach by a Party of this Clause 13;
  - (v) lawfully comes into the possession of that Party, its Affiliates or their Representatives from a third party that expressly represents that it has the right to disseminate such information at the time it is acquired by such Party; or
  - (vi) receives prior written consent to the disclosure from the other Party.
- d. The confidentiality restrictions in Clauses 13.1 to 13.3 shall continue to apply after the termination of this Agreement for a period of five (5) years.
- e. Without prejudice to any other rights or remedies which the Parties may have, Kosmos and Shell acknowledge and agree that damages would not be an adequate remedy for any breach of the confidentiality restrictions in Clauses 13.1 to 13.3 and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any such provision and no proof of special damages shall be necessary for the enforcement of the rights under Clauses 13.1 to 13.3.
- f. The Parties acknowledge and agree that, to the extent applicable, Shell shall also be bound by the provisions of the Confidentiality Agreement in respect of any “Confidential Information” (as that term is used and defined in the Confidentiality Agreement) that relates to any member of the Retained Group (other than Kosmos) other than all information it has received or obtained about the Retained Group as a result of negotiating or entering into the Transaction Documents, which shall remain in force and full effect in accordance with its terms. If there is any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall prevail.

#### **14. Costs and expenses**

Each Party shall pay its own costs and expenses in relation to the negotiations leading up to the sale and purchase of the Portfolio Assets and the preparation, execution and carrying into effect of this Agreement. Each Party shall bear and pay the costs and expenses of any advisers, consultants, investment bankers or other parties hired by it in connection with the transaction contemplated in this Agreement.

#### **15. Counterparts**

This Agreement may be executed in counterparts and shall be effective when each Party has executed and delivered a counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument. A signed copy of this Agreement delivered by scan, email or other form of electronic communications shall be deemed to have the same effect as the delivery of an original signed copy of this Agreement.

## **16. Severance and validity**

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction then: (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

## **17. Variations**

No variation of this Agreement shall be effective unless in writing and signed by or on behalf of the Parties.

## **18. Remedies and waivers**

- a. No waiver of any right under this Agreement shall be effective unless in writing. Unless expressly stated otherwise a waiver shall be effective only in the circumstances for which it is given.
- b. No delay or omission by any Party in exercising any right or remedy provided by law or under this Agreement shall constitute a waiver of such right or remedy.
- c. The single or partial exercise of a right or remedy under this Agreement shall not preclude any other nor restrict any further exercise of any such right or remedy.
- d. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights or remedies provided by law except as otherwise expressly provided.

### **e. No Double Recovery**

A Party shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same Losses or breach of this Agreement.

### **f. Exclusion of Limitations**

Nothing in this Agreement shall apply to limit a Claim under this Agreement that arises or is delayed as a result of fraud, fraudulent misstatement or misrepresentation or Wilful Misconduct by a Party.

### **g. Consequential Loss**

Subject always to the provisions of Clause 18.6, in no event shall a Party be liable to another Party for any Claims for liabilities whether in contract, tort or breach of statutory duty or otherwise or any actual or expected:

- (i) indirect or consequential or anticipated loss of profits;

- (ii) loss or anticipated loss of revenue, loss of goodwill, loss of opportunity, or loss of business, in each case that are indirect or consequential; or
- (iii) any other special, indirect or punitive consequential loss.

**h. Right of Set Off**

Shell may at any time on written notice to Kosmos, set off any sums due by Kosmos or any of its Affiliates to Shell or any of its Affiliates, arising under, out of, or in connection with this Agreement and/or any other Transaction Document, against any Contingent Consideration due and payable in accordance with Clause 3. Any exercise by Shell of its rights under this Clause 18.8 shall not limit or affect any other rights or remedies available to it under this Agreement or otherwise.

**19. Third party rights**

- a. Save as expressly provided in Clause 19.2, a person who is not a Party or its successor or permitted assignee shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms of this Agreement.
- b. To the extent that Shell has procured and a Shell Affiliate has paid any element of the Contingent Consideration under Clause 3, such Shell Affiliate shall benefit from and be entitled to enforce the relevant rights of Shell under this Agreement, subject to the other terms and conditions of this Agreement.
- c. The Parties may amend or vary this Agreement in accordance with its terms without the consent of any other person.

**20. Governing law and jurisdiction**

- a. This Agreement, including any non-contractual obligations arising out of or in connection with this Agreement and any and all other agreements and instruments executed and other documents delivered pursuant hereto, are governed by and shall be construed in accordance with English law.
- b. The Parties agree that any claim, dispute or difference of whatever nature arising under, out of or in connection with this Agreement (including a claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with this Agreement) (a “**Dispute**”), shall be referred to and finally settled by arbitration in accordance with the Arbitration Rules (the “**Rules**”) of the International Chamber of Commerce (“**ICC**”) as in force at the date of this Agreement and as modified by this Clause, which Rules shall be deemed incorporated into this Clause. The arbitral tribunal shall consist of three arbitrators. Within thirty (30) Days of the written request for arbitration, the claimant shall nominate one arbitrator and the respondent shall nominate the second arbitrator. The third arbitrator (who, subject to confirmation by the ICC Court, shall act as President of the arbitral tribunal) shall be appointed by the arbitrators nominated by the claimant and respondent or, in the absence of agreement on the third arbitrator within fifteen (15) days of the nomination of the second arbitrator, by the ICC Court in accordance with the ICC Rules. If claimant and/or

respondent fail to nominate an arbitrator, an arbitrator shall be appointed on their behalf by the ICC Court in accordance with the ICC Rules. In such circumstances, any existing nomination or confirmation of an arbitrator shall be unaffected, and the remaining arbitrator(s) shall be appointed in accordance with this Clause 20.2. If an arbitrator fails or is unable to act, his successor will be appointed in the same manner as the arbitrator whom he succeeds. The decision of a majority of the arbitrators shall be final and binding upon the Parties. Each arbitrator shall remain impartial and independent of the Parties involved in the arbitration. The seat of arbitration shall be London, England and the language of arbitration shall be English. Sections 45 and 69 of the Arbitration Act 1996 shall not apply. Notwithstanding any inconsistencies with the Rules, a Request for Arbitration must be served on all other Parties to the dispute in accordance with Clause 11 (*Notices*) of this Agreement.

- c. In order to facilitate the comprehensive resolution of related disputes, all claims between the Parties that arise out of or in connection with this Agreement, any other Transaction Document or other instrument executed pursuant to this Agreement, or any of the Transaction Documents may be brought in a single arbitration. Upon the request of any Party to an arbitration commenced pursuant to Clause 20.2 (an “**Arbitration**”), the arbitral tribunal shall consolidate the Arbitration with any other arbitration proceeding relating to this Agreement, any other Transaction Document or other instrument executed pursuant to this Agreement, or to any of the Assets Documents, and in respect of which the arbitral tribunal was constituted after the constitution of the arbitral tribunal in the Arbitration, if either:
- (i) all parties concerned agree; or
  - (ii) the arbitral tribunal determines that there are issues of fact or law common to the two proceedings so that a consolidated proceeding would be more efficient than separate proceedings; and no party would be prejudiced as a result of such consolidation through undue delay or otherwise.

In the event of an order for consolidation, (i) where the parties in the two proceedings are identical, the tribunal constituted first in time shall serve as the arbitral tribunal for the consolidated arbitration and (ii) where the parties in the two proceedings are not identical, a new arbitral tribunal for the consolidated arbitration shall be constituted in accordance with the provisions of Clause 20.2. Where a new tribunal is so constituted, for the avoidance of doubt, any rulings, directions or orders made by the arbitral tribunal constituted first in time, with the exception of outstanding orders for costs, will be of no effect. For the purpose of the constitution of the arbitral tribunal under this provision, and without prejudice to any party’s rights under applicable limitation periods, the consolidated arbitration will be considered to have been commenced on the date of receipt by all the parties of the order for consolidation.

- d. The Parties agree that before the constitution of the arbitral tribunal, any party to an Arbitration may effect joinder by serving notice on any Party to this Agreement, the Transaction Documents or any instrument executed pursuant to this Agreement, or any one of the Transaction Documents whom it seeks to join, provided that such notice is also sent to all other parties to the Arbitration within 30 days of service of the request for

Arbitration. The joined party will become a claimant or respondent party (as appropriate) in the Arbitration and participate in the arbitrator appointment process in Clause 20.2.

- e. The Parties waive any claim to any damages in the nature of punitive, exemplary or statutory damages in excess of compensatory damages, and the tribunal is specifically divested of any power to award such damages.
- f. The award of the tribunal shall be final and binding on the Parties (i.e. not subject to appeal), and the Parties agree that an arbitration award may be entered in any court having jurisdiction thereof. The tribunal shall have the right and authority to grant injunctive, declaratory and other equitable relief.
- g. No arbitrator shall be a present employee or agent of, or consultant or counsel to, either Party or any Affiliate of either Party or a national of a state with which the domicile of any Party does not maintain diplomatic relations.
- h. The arbitration shall be conducted in the English language and all documents submitted in connection with such proceeding shall be in the English language or, if in another language, accompanied by a certified English translation.
- i. The parties to the arbitration shall each pay an equal amount of any advance on costs if in accordance with the ICC Rules. The tribunal shall be entitled to allocate the costs of arbitration between the parties to the arbitration, which costs shall be borne by each party to the arbitration as determined in any arbitral award or awards by the tribunal.
- j. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement.
- k. The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of England to support any arbitration pursuant to this Clause 20 including, if necessary, the grant of interlocutory relief.

## 21. Future Relations

- a. Shell and Kosmos shall procure that prior to Completion or Partial Completion as appropriate, the relevant Affiliates of each Party shall enter into the necessary contractual arrangements to achieve the below:
  - (i) [\*\*\*]
    - (1) [\*\*\*]
    - (2) [\*\*\*]
  - (ii) [\*\*\*]
  - (iii) [\*\*\*]
  - (iv) [\*\*\*]

(v) [\*\*\*]

**In Witness Whereof** each Party has executed this Agreement or caused this Agreement to be executed by its duly authorised representatives.

**Signed** for and on behalf

of **KOSMOS ENERGY OPERATING**

/s/ Oliver Quinn

---

Oliver Quinn

Vice President

**Signed** for and on behalf

of **B.V. DORDTSCHIE PETROLEUM  
MAATSCHAPPIJ**

/s/ Attorney in Fact

---

Attorney in Fact



**PARENT GUARANTEE AGREEMENT**

This PARENT GUARANTEE AGREEMENT (this "Agreement") dated as of September 30, 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement") made by KOSMOS ENERGY LTD., a Delaware corporation (the "Guarantor") in favor of CLMG CORP., a Texas corporation, as administrative agent and term loan collateral agent (together with its successors in such capacities, the "Term Loan Agent") for the benefit of (a) the Lenders from time to time parties to the Credit Agreement referred to below and (b) the other Secured Parties (as hereinafter defined). Capitalized terms used and not defined herein have the meanings given such terms in the Credit Agreement.

**WITNESSETH:**

WHEREAS, the Guarantor, as parent, KOSMOS ENERGY GOM HOLDINGS, LLC, a Delaware limited liability company ("GOM Holdings"), as a borrower, KOSMOS ENERGY GULF OF MEXICO OPERATIONS, LLC, a Delaware limited liability company ("GOM Operations"), as a borrower (GOM Holdings and GOM Operations, in such capacities, collectively, the "Borrowers"), KOSMOS ENERGY GULF OF MEXICO, LLC, a Delaware limited liability company ("Holdings"), as a guarantor, KOSMOS ENERGY GULF OF MEXICO MANAGEMENT, LLC, a Delaware limited liability company ("GOM Management"), as a guarantor and the other affiliates of the Borrowers from time to time party thereto, as guarantors (together with Holdings and GOM Management, in such capacities, collectively, the "Additional Guarantors"), and the Borrowers and the Additional Guarantors to be referred to, collectively, with each other Person that becomes an obligor under the Loan Documents with respect to the Obligations, as the "Other Loan Parties"), the several banks and other financial institutions or entities from time to time parties thereto, as lenders, and the Term Loan Agent have entered into that certain Senior Secured Term Loan Credit Agreement dated as of the date hereof (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Guarantor is a member of an affiliated group of companies that includes each Other Loan Party;

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Hedge Banks may from time to time enter into Secured Hedge Agreements with the Other Loan Parties;

WHEREAS, the Cash Management Banks may from time to time enter into Secured Cash Management Agreements with the Other Loan Parties;

WHEREAS, the Guarantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement and from such Secured Hedge Agreements and Secured Cash Management Agreements; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrowers under the Credit Agreement that the Guarantor shall have executed and delivered this Agreement to the Term Loan Agent for the benefit of the Secured Parties.

NOW, THEREFORE, in consideration of the above premises, the parties hereto hereby agree as follows:

## Section 1. DEFINED TERMS

### a.. Definitions.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(a) The following terms shall have the following meanings:

“Additional Guarantors”: as defined in the preamble hereto.

“Agreement”: as defined in the preamble hereto.

“Borrowers”: as defined in the preamble hereto.

“Collateral”: as defined in the Credit Agreement.

“Credit Agreement”: as defined in the preamble hereto.

“Discharge of Obligations”: means the satisfaction of the following conditions: (i) the repayment in full in Cash of all of the outstanding principal amount of the Loans and all other Obligations (except for (a) Secured Bank Product Obligations and (b) indemnities and other obligations which by the express terms of the relevant Loan Documents survive the repayment of the Loans and the termination of the Commitments) due and payable under the Loan Documents and (ii) the termination of all Commitments.

“GOM Management”: as defined in the preamble hereto.

“GOM Operations”: as defined in the preamble hereto.

“Guarantor”: as defined in the preamble hereto.

“Guaranty”: the guaranty of the Guarantor set forth in Section 2.

“Guaranteed Obligations”: as defined in Section 2.1(a).

“Holdings”: as defined in the preamble hereto.

“Insolvency or Liquidation Proceeding”: the following:

(a) any case commenced by or against any Loan Party under the Bankruptcy Code or any other Bankruptcy Law, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of any Loan Party, any receivership or assignment for the benefit of creditors relating to any Loan Party or any similar case or proceeding relative to any Loan Party or its creditors, as such, in each case whether or not voluntary;

(b) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to any Loan Party, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(c) any other proceeding of any type or nature in which substantially all claims of creditors of any Loan Party are determined and any payment or distribution is or may be made on account of such claims.

“New York UCC”: the Uniform Commercial Code as from time to time in effect in the State of New York.

“Obligations”: has the meaning given to such term in the Credit Agreement; provided that (i) with respect to the Guaranty provided by the Guarantor, “Obligations” shall refer to the Obligations of each of Other Loan Party and (ii) for purposes of this Agreement, Excluded Swap Obligations of any Other Loan Party shall at no time constitute Obligations of the Guarantor.

“Other Loan Parties”: as defined in the preamble hereto.

“Qualified ECP Guarantor”: in respect of any Swap Obligation, a Person that is a Loan Party that has total assets exceeding \$10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Secured Documents” means, collectively, the Loan Documents, each Secured Cash Management Agreement and each Secured Hedge Agreement.

“Secured Parties”: means, collectively, (a) the Administrative Agent, the Term Loan Collateral Agent, the Lenders, (b) each Hedge Bank and (b) Cash Management Bank party to any Secured Cash Management Agreement, in each case, that has agreed or has been deemed to have agreed to be bound by the provisions hereof as if it were a party hereto and by the provisions of Section 7.08 of the Credit Agreement as if it were a Lender party thereto and (c) each co-agent or sub-agent appointed by the Term Loan Agent from time to time pursuant to Article VII of the Credit Agreement; provided that no Hedge Banks party to Secured Hedge Agreements or Cash Management Banks party to Secured Cash Management Agreements shall have any rights in connection with the management or release of the obligations of the Guarantor under this Agreement.

“Subordinated Obligations”: as defined in Section 2.5.

“Term Loan Agent”: as defined in the preamble hereto.

Additional Definitional Provision. Except as otherwise expressly set forth herein, the rules of construction specified in Section 1.04 of the Credit Agreement also apply to this Agreement.

## Section 2. GUARANTEE

### a.. Guaranty; Limitation of Liability.

(i)The Guarantor hereby absolutely, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all Obligations of each Other Loan Party now or hereafter existing under or in respect of the Secured Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of

the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the “Guaranteed Obligations”), and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Term Loan Agent or any other Secured Party in enforcing any rights under this Guaranty or any other Secured Document, in each case, in accordance with Section 8.04 of the Credit Agreement. Without limiting the generality of the foregoing, the Guarantor’s liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any Other Loan Party to any Secured Party under or in respect of the Secured Documents but for the fact that they are unenforceable or not allowable due to the existence of an Insolvency or Liquidation Proceeding involving such other Loan Party.

(ii)The Guarantor, and by its acceptance of this Guaranty, the Term Loan Agent (on behalf of each Secured Party), hereby confirms that it is the intention of all such Persons that this Guaranty and the obligations of the Guarantor hereunder not constitute a fraudulent transfer, fraudulent conveyance or fraudulent incurrence of a debt for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the obligations of the Guarantor hereunder. To effectuate the foregoing intention, the Term Loan Agent, the other Secured Parties and the Guarantor hereby irrevocably agree that the obligations of the Guarantor under this Guaranty at any time shall be limited to the maximum amount as will not render the obligations of the Guarantor under this Guaranty subject to avoidance as a fraudulent transfer, fraudulent conveyance or fraudulent incurrence of a debt under any Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law, and not any greater amount. The Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

(iii)The Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Secured Party under this Guaranty or any other guaranty, the Guarantor will contribute, to the maximum extent permitted by law, such amounts to each Other Loan Party and each other guarantor of the Guaranteed Obligations so as to maximize the aggregate amount paid to the Secured Parties under or in respect of the Secured Documents.

b.. Guaranty Absolute. To the fullest extent permitted by law, the Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Secured Documents. The obligations of the Guarantor under or in respect of this Guaranty are independent of the Guaranteed Obligations or any other Obligations of any other Loan Party under or in respect of the Secured Documents, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Guaranty, irrespective of whether any action is brought against any Borrower or any other Loan Party or whether any Borrower or any other Loan Party is joined in any such action or actions. The liability of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of, and the Guarantor hereby irrevocably waives any defenses (other than defense by the Guarantor of Discharge of Obligations) it may now have or hereafter acquire in any way relating to, any or all of the following:

(i)any lack of validity or enforceability of any Secured Document or any agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of any other Loan Party under or in respect of the Secured Documents, or any other amendment or waiver of or any consent to departure from any Secured Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or any of its Subsidiaries;

(iii) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(iv) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations or any other Obligations of any Loan Party under the Secured Documents or any other assets of any Loan Party or any of its Subsidiaries;

(v) any change, restructuring or termination of the corporate structure or existence of any Loan Party or any of its Subsidiaries;

(vi) any failure of any Lender to disclose to any Loan Party any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Loan Party now or hereafter known to such Lender (the Guarantor waiving any duty on the part of the Lenders to disclose such information);

(vii) the failure of any other Person to execute or deliver this Agreement or any other guaranty or agreement or the release or reduction of liability of the Guarantor or other guarantor or surety with respect to the Guaranteed Obligations; or

(viii) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Lender that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety (other than a defense by the Guarantor of Discharge of Obligations).

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Lender or any other Person upon the insolvency, bankruptcy or reorganization of any Borrower or any other Loan Party or otherwise, all as though such payment had not been made.

c.. Waivers and Acknowledgments.

(i) The Guarantor hereby agrees that its Guaranty hereunder constitutes a continuing, absolute and unconditional guarantee of payment when due and not of collection and waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Loan Party or any other Person or any Collateral.

(ii) Each Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(iii) The Guarantor hereby unconditionally and irrevocably waives, to the fullest extent permitted by law, (i) any defense arising by reason of any claim or defense based upon an election of remedies by any Secured Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Guarantor or other rights of the Guarantor to proceed against any of the other Loan Parties, any other guarantor or any other Person or any Collateral, (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of the Guarantor hereunder, and (iii) any right to require that any resort be had by the Term Loan Agent or any other Secured Party to any security held for the payment of the Obligations or to any balance of any Deposit Account or credit on the books of the Term Loan Agent or any other Secured Party in favor of any Borrower or any other person.

(iv) The Guarantor acknowledges that the Term Loan Agent may, subject to the terms of the applicable Loan Documents, without notice to or demand upon the Guarantor and without affecting the liability of the Guarantor under this Guaranty, foreclose under any mortgage by nonjudicial sale, and the Guarantor hereby waives any defense to the recovery by the Term Loan Agent and the other Secured Parties against the Guarantor of any deficiency after such nonjudicial sale and any defense or benefits that may be afforded by applicable law.

(v) The Guarantor assumes all responsibility for being and keeping itself informed of each of the Borrower's and each other Loan Party's financial condition and assets and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that the Guarantor assumes and incurs hereunder, and agrees that neither the Term Loan Agent nor any other Secured Party will have any duty to advise the Guarantor of information known to it or any of them regarding such circumstances or risks.

(vi) The Guarantor hereby unconditionally and irrevocably waives any duty on the part of any Secured Party to disclose to the Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Loan Party or any of its Subsidiaries now or hereafter known by such Secured Party.

(vii) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waivers set forth in Section 2.2 and this Section 2.3 are knowingly made in contemplation of such benefits.

d. Subrogation. The Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any Borrower or any other Loan Party that arise from the existence, payment, performance or enforcement of the Guarantor's obligations under or in respect of this Guaranty or any other Secured Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against any Borrower, any other Loan Party or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Borrower or any other

Loan Party directly or indirectly, in Cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until the Discharge of Obligations. If any amount shall be paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the Discharge of Obligations, such amount shall be received and held in trust for the benefit of the Secured Parties, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Term Loan Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Secured Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. If (i) the Guarantor shall make payment to any Lender of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in Cash, and (iii) the Discharge of Obligations shall have occurred, the Lenders will, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by the Guarantor pursuant to this Guaranty.

e.. Subordination. The Guarantor hereby subordinates any and all debts, liabilities and other obligations owed to the Guarantor by each other Loan Party (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 2.5:

(i)Prohibited Payments, Etc. Except after the occurrence and during the continuance of an Event of Default and to the extent permitted by the Credit Agreement and the other Loan Documents, the Guarantor may receive regularly scheduled payments from any other Loan Party on account of the Subordinated Obligations. Upon the occurrence and during the continuance of any Event of Default, however, unless the Required Lenders otherwise agree, the Guarantor shall not demand, accept or take any action to collect any payment on account of the Subordinated Obligations other than to the extent payment of such Subordinated Obligations is permitted under the terms of the Loan Documents.

(ii)Prior Payment of Guaranteed Obligations. In any Insolvency or Liquidation Proceeding relating to any other Loan Party, the Guarantor agrees that the Secured Parties shall be entitled to receive payment in full in Cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of an Insolvency or Liquidation Proceeding, whether or not constituting an allowed claim in such proceeding ("Post-Petition Interest")) before the Guarantor receives payment of any Subordinated Obligations.

(iii)Turn-Over. Upon the occurrence and during the continuance of an Event of Default, the Guarantor shall, if the Term Loan Agent so requests in writing, collect, enforce and receive payments on account of the Subordinated Obligations as trustee for the Lenders and deliver such payments to the Term Loan Agent on account of the Guaranteed Obligations (including all Post-Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

(iv)Term Loan Agent Authorization. After the occurrence and during the continuance of any Event of Default, the Term Loan Agent is authorized and empowered (but without any obligation to do so), in its sole and absolute discretion, (i) in the name of the Guarantor, to collect and enforce, and to

submit claims in respect of, the Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Post-Petition Interest), and (ii) to require the Guarantor (A) to collect and enforce, and to submit claims in respect of, the Subordinated Obligations and (B) to pay any amounts received on such obligations to the Term Loan Agent for application to the Guaranteed Obligations (including any and all Post-Petition Interest).

(v) Subordination Agreement. Notwithstanding anything to the contrary contained herein, in the event of any conflict between this Agreement and any subordination agreement entered into as required by the Credit Agreement with respect to the Subordinated Obligations, such Subordination Agreement shall control.

f.. Eligible Contract Participant.

(i) The Guarantor represents and warrants on the date hereof that, to the extent any Guaranteed Obligations include Swap Obligations on the date hereof, it is an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations issued thereunder.

(ii) The Guarantor agrees that at such time as the Guaranteed Obligations of the Guarantor includes Swap Obligations, and at such other times as are required for purposes of the Commodity Exchange Act and the regulations thereunder, the Guarantor shall constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder.

g.. Keepwell. The Guarantor, as a Qualified ECP Guarantor hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time to honor the Guarantor’s Swap Obligations to the extent included in the Guarantor’s Guaranteed Obligations under this Section 2 (provided, however, that the obligation of the Qualified ECP Guarantor under this Section 2.7 shall be limited to the maximum amount of such liability that can be incurred without rendering its obligation under this Section 2.7, or otherwise under this Section 2, subject to avoidance as a fraudulent transfer, fraudulent conveyance or fraudulent incurrence of a debt under any Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state, and not any greater amount). The obligations of the Guarantor as a Qualified ECP Guarantor under this Section 2.7 shall remain in full force and effect until the later of the date (a) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in Cash and (b) the Discharge of Obligations (but solely to the extent such Guaranteed Obligations include Swap Obligations) occurs. The Guarantor as a Qualified ECP Guarantor intends that this Section 2.7 constitute, and this Section 2.7 shall be deemed to constitute, a keepwell, support, or other agreement for the benefit of the Guarantor for all purposes of Section 1a(18)(A) (v)(II) of the Commodity Exchange Act.

h.. Excluded Swap Obligations. In no event shall the Guaranty or any guarantee of the Guarantor in respect of any Swap Obligation under any Secured Hedge Agreements include, or be deemed to include, a guarantee of any Excluded Swap Obligations.

### Section 3. REPRESENTATIONS AND WARRANTIES

To induce the Term Loan Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrowers thereunder, the



Guarantor hereby represents and warrants to the Term Loan Agent as and when required by the Credit Agreement, for the benefit of the Secured Parties, that each representation and warranty contained in Article 4 of the Credit Agreement relating to the Guarantor is true and correct in all material respects as of the date hereof (or in the case of any such representation that is qualified by materiality, in all respects) as if made by the Guarantor herein, provided, that to the extent any representation and warranty specifically refers to a given date or period, it shall be true and correct in all material respects (or in the case of any such representation that is qualified by materiality, in all respects) as of such date or for such period.

#### Section 4. COVENANTS

The Guarantor covenants and agrees with the Term Loan Agent, for the benefit of the Secured Parties, that, until the Discharge of Obligations, the Guarantor will comply, and will cause each other Loan Party to comply, with all of the applicable provisions, covenants and agreements contained in Article 5 and 6 of the Credit Agreement relating to the Guarantor or any of the Other Loan Parties, and it will take or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in Article 5 or Article 6 of the Credit Agreement, and so that no Default or Event of Default is caused by the actions of the Guarantor, and that:

a.. [Reserved].

b.. Compliance with Laws, Etc. The Guarantor shall comply, and cause each of its Subsidiaries that are Loan Parties to comply with all applicable laws, rules, regulations and orders binding on such Loan Party or such Subsidiary that is a Loan Party, such compliance to include, without limitation, compliance with ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970 in all material respects. The Guarantor will comply with all applicable provisions of the Anti-Corruption Laws and Sanctions and Export Control Laws, and will maintain in effect and enforce policies and procedures designed to ensure compliance by the Grantor, its Subsidiaries that are Loan Parties, each Capital Expenditure SPV, and their respective directors, officers, employees and agents with Anti-Corruption Laws and Sanctions and Export Control Laws.

c.. Payment of Obligations, Etc. The Guarantor shall pay and discharge, and cause each of its Subsidiaries that are Loan Parties to pay and discharge all material Debt obligations and all other liabilities and obligations, including (i) all material Taxes imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien (other than a Permitted Lien) upon its property, in each case, before the same shall become delinquent; *provided*, that neither such Person nor any of its Subsidiaries that are Loan Parties shall be required to pay or discharge any such Debt, liability or Tax that is being contested in good faith and by proper proceedings to the extent that adequate reserves are being maintained in accordance with GAAP; *provided, however*, that each such Person will, and will cause each Subsidiary that is a Loan Party to, remit withholding Taxes and other payroll Taxes to appropriate Governmental Authorities as and when claimed to be due, notwithstanding the foregoing exceptions.

d.. Maintenance of Existence, Etc. The Guarantor shall preserve and maintain, and cause each of its Subsidiaries that are Loan Parties to preserve and maintain, its existence as a corporation, limited liability company or limited partnership, as applicable, its good standing in its jurisdiction of incorporation, formation, organization, or otherwise, as applicable, and, to the extent

required under applicable law, its qualification to do business and good standing in each other state or jurisdiction in which it operates a material part of its business; *provided, however*, that the Borrowers and their Subsidiaries may consummate any merger or consolidation permitted under the Credit Agreement.

e.. Separateness. The Guarantor shall (i) obtain, and cause each of its Subsidiaries that are Loan Parties to obtain, proper authorization from member(s) or director(s), as applicable, as required by its limited liability company agreement or bylaws for all of its limited liability company or corporate actions pertaining to the Loan Documents, and (ii) comply, and cause each of their respective Subsidiaries that are Loan Parties to comply, with the terms of its certificate of incorporation or formation and by laws or limited liability company agreement (or similar constituent documents).

f.. Change in Nature of Business. The Guarantor shall not make, nor permit any of its Subsidiaries that are Loan Parties to make, any material change in the nature of its business as carried on as of the date hereof.

## Section 5. APPLICATION OF PROCEEDS

(i) If an Event of Default shall have occurred and be continuing, at any time at the Term Loan Agent's election, the Term Loan Agent may, notwithstanding the provisions of Section 2.04(b)(iv) of the Credit Agreement, apply all or any part of the net proceeds of the Guaranty, in payment of the Obligations in the manner set forth in Section 6.02 of the Credit Agreement.

Notwithstanding the foregoing, amounts received from any Loan Party that is not a Qualified ECP Guarantor shall not be applied to any Excluded Swap Obligation of such Loan Party.

(ii) Except as provided herein or in any other Secured Document, the Term Loan Agent shall have sole and absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement.

## Section 6. INDEMNITY, SUBROGATION AND SUBORDINATION

a.. [Reserved].

b.. Contribution and Subrogation. The Guarantor (in this capacity, a "Contributing Guarantor") agrees (subject to Section 6.3) that, in the event a payment shall be made by any Other Loan Party in its capacity as a guarantor in respect of any Obligation, or assets of any Other Loan Party in its capacity as a guarantor in respect of any Obligation shall be sold pursuant to any Loan Document to satisfy any Obligation owed to any Secured Party, and such Other Loan Party in its capacity as a guarantor in respect of any Obligation (the "Claiming Guarantor") shall not have been fully indemnified by the Borrowers as provided in Section 8.1 of the Term Loan Security Agreement, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to (i) the amount of such payment or (ii) the greater of the book value or the fair market value of such assets, as the case may be (the "Indemnified Amount"), in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor as of the date of the payment of such Obligation and the denominator shall be the aggregate net worth of all the Loan Parties serving as guarantors in respect of any Obligation as of the date of the payment of such Obligation. The Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 6.2 shall be subrogated to the rights of such Claiming

Guarantor under Section 8.1 of the Term Loan Security Agreement to the extent of such payment. Notwithstanding the foregoing, to the extent that any Claiming Guarantor right to indemnification hereunder arises from a payment or sale of assets made to satisfy Obligations constituting Swap Obligations, if such Swap Obligations do not constitute Excluded Swap Obligations for the Contributing Guarantor, shall indemnify such Claiming Guarantor with the fraction set forth in the second preceding sentence being modified as appropriate to provide for indemnification of the entire Indemnified Amount.

c.. Subordination.

(i)Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantor in respect of any Obligation under Section 6.2 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations. No failure on the part of the Guarantor to make the payments required by Section 6.2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of the Guarantor with respect to its obligations hereunder, and the Guarantor shall remain liable for the full amount of its obligations hereunder.

(ii)The Guarantor hereby agrees that all Debt and other monetary obligations owed by it to any Other Loan Party in its capacity as a guarantor in respect of any Obligation or any of such Other Loan Party's Subsidiaries that are Loan Parties shall be fully subordinated to the Obligations as set forth in Section 2.5.

## Section 7. MISCELLANEOUS

a.. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 8.01 of the Credit Agreement or pursuant to an Assumption Agreement.

b.. Notices. All notices, requests and demands to or upon the Term Loan Agent or the Guarantor hereunder shall be effected in the manner provided for in Section 8.02 of the Credit Agreement. All communications and notices hereunder to any Guarantor shall be given to it in care of the Borrower Representative as provided in Section 8.02 of the Credit Agreement.

c.. No Waiver by Course of Conduct; Cumulative Remedies. No Secured Party shall by any act (except by a written instrument pursuant to Section 7.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

d.. Enforcement Expenses; Indemnification. The Guarantor agrees that the provisions of Section 8.04 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

e.. Successors and Assigns. This Agreement (including the Guaranty) shall (a) remain in full force and effect until the Discharge of Obligations has occurred or the Guaranty is otherwise released in accordance with Section 7.13 hereof, (b) be binding upon each Loan Party, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Parties and their permitted successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as and to the extent provided in Section 8.07 of the Credit Agreement. No Loan Party shall have the right to assign, transfer or delegate its rights hereunder or any interest herein without the prior written consent of the Required Lenders (which consent may be granted or withheld in the Required Lenders' sole and absolute discretion) and any purported assignment, transfer or delegation without such consent shall be void *ab initio*.

f.. Set-off. The Guarantor agrees that the provisions of Section 8.05 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

g.. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it shall have been executed by the Term Loan Agent and when the Term Loan Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other state laws based on the Uniform Electronic Transactions Act, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

h.. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

i.. Section Headings. Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

j.. Integration. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law. This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the Term Loan Agent represent the entire agreement of the Guarantor, the Term Loan Agent and the other Secured Parties with respect to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

k.. GOVERNING LAW. This Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement and the transactions contemplated hereby shall be construed in accordance with and governed by the law of the State of New York.

l.. Submission to Jurisdiction; Waivers.

Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Notwithstanding the foregoing, any Secured Party may bring an action or proceeding in a jurisdiction where Collateral is located.

(i)Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (a) of this Section 7.12. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(ii)Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.2. Nothing in this Agreement or any other Secured Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

m.. Releases.

This Agreement shall continue in effect until the Discharge of Obligations. In connection with the termination of this Agreement, the Term Loan Agent shall promptly (and each Secured Party, by its authorization of the Term Loan Agent's entering into this Agreement, hereby authorizes the Term Loan Agent to) take such actions and execute any such documents as may be reasonably requested by the Guarantor and at the Guarantor's expense, as applicable, to document and evidence any termination and release of the Guaranty. In the event of any conflict between this Section 9.14 and any provision of the Credit Agreement with respect to the release of any guaranty, the Credit Agreement shall control.

(i) All releases or other documents delivered by the Term Loan Agent pursuant to this Section 7.13 shall be without recourse to, or warranty by, the Term Loan Agent.

n.. No Fiduciary Duty. The Guarantor agrees that the provisions of Section 8.16 of the Credit Agreement are incorporated herein by reference, *mutatis mutandis*.

o.. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER SECURED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

*(signature pages follow)*

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

**KOSMOS ENERGY LTD.**

By: /s/ Nealesh Shah  
Name: Nealesh Shah  
Title: Senior Vice President and Chief Financial Officer

[Signature Page to Parent Guarantee Agreement by Kosmos Energy Ltd. in favor of CLMG Corp., dated as of September 30, 2020]

**CLMG CORP.,**

as Term Loan Agent

By:           /s/ James Erwin          

Name: James Erwin

Title: President



\*\*\* INDICATES CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT THAT HAVE BEEN OMITTED PURSUANT TO ITEM 601(B) OF REGULATION S-K BECAUSE THE IDENTIFIED CONFIDENTIAL PORTIONS (I) ARE NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

**SENIOR SECURED TERM LOAN  
CREDIT AGREEMENT**

Dated as of September 30, 2020

Among

KOSMOS ENERGY LTD.

as Parent Guarantor

KOSMOS ENERGY GOM HOLDINGS, LLC,

and

KOSMOS ENERGY GULF OF MEXICO OPERATIONS, LLC

as Borrowers

and

THE OTHER GUARANTORS NAMED HEREIN

as Guarantors

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

CLMG CORP.

as Term Loan Collateral Agent

and

CLMG CORP.

as Administrative Agent

## TABLE OF CONTENTS

<b>Section</b>	<b>Page</b>
Article I DEFINITIONS AND ACCOUNTING TERMS	<u>2</u>
Section 1.01. Certain Defined Terms	<u>2</u>
Section 1.02. Computation of Time Periods	<u>41</u>
Section 1.03. Accounting Terms	<u>41</u>
Section 1.04. Other Definitional Provisions and Rules of Construction	<u>42</u>
Article II AMOUNTS AND TERMS OF THE LOANS	<u>42</u>
Section 2.01. The Loans	<u>42</u>
Section 2.02. Making the Loans	<u>43</u>
Section 2.03. Repayment of Loans	<u>44</u>
Section 2.04. Prepayments	<u>45</u>
Section 2.05. Interest	<u>48</u>
Section 2.06. Fees	<u>48</u>
Section 2.07. Increased Costs, Etc.	<u>49</u>
Section 2.08. Payments and Computations	<u>50</u>
Section 2.09. Taxes	<u>51</u>
Section 2.10. Sharing of Payments, Etc.	<u>57</u>
Section 2.11. Use of Proceeds	<u>57</u>
Section 2.12. Evidence of Debt	<u>58</u>
Section 2.13. Duty to Mitigate	<u>58</u>
Section 2.14. Incremental Facility	<u>58</u>
Article III CONDITIONS TO EFFECTIVENESS OF LENDING	<u>62</u>
Section 3.01. Conditions Precedent	<u>62</u>
Section 3.02. Conditions Precedent to Each Borrowing	<u>67</u>
Article IV REPRESENTATIONS AND WARRANTIES	<u>68</u>
Section 4.01. Representations and Warranties	<u>68</u>
Article V COVENANTS	<u>81</u>
Section 5.01. Affirmative Covenants	<u>81</u>
Section 5.02. Negative Covenants	<u>93</u>
Section 5.03. Reporting Requirements	<u>107</u>
Article VI EVENTS OF DEFAULT	<u>113</u>
Section 6.01. Events of Default	<u>113</u>
Section 6.02. Application of Funds	<u>117</u>
Article VII THE AGENTS	<u>118</u>
Section 7.01. Authorization and Action	<u>118</u>
Section 7.02. Administrative Agent's Reliance, Etc	<u>119</u>
Section 7.03. Agents and Affiliates	<u>120</u>
Section 7.04. Lender Credit Decision	<u>120</u>
Section 7.05. Indemnification	<u>120</u>

Section 7.06. Successor Administrative Agent	<u>121</u>
Section 7.07. Term Loan Collateral Agent	<u>122</u>
Section 7.08. Secured Cash Management Agreements and Secured Hedge Agreements	<u>122</u>
Section 7.09. Certain ERISA Matters	<u>123</u>
Article VIII MISCELLANEOUS	<u>124</u>
Section 8.01. Amendments, Etc	<u>124</u>
Section 8.02. Notices, Etc	<u>126</u>
Section 8.03. No Waiver; Remedies	<u>128</u>
Section 8.04. Costs and Expenses	<u>128</u>
Section 8.05. Right of Set-off	<u>129</u>
Section 8.06. Binding Effect	<u>129</u>
Section 8.07. Assignments and Participations	<u>130</u>
Section 8.08. Execution in Counterparts; Electronic Execution	<u>133</u>
Section 8.09. Confidentiality	<u>133</u>
Section 8.10. Marshalling; Payments Set Aside	<u>134</u>
Section 8.11. Patriot Act Notice	<u>134</u>
Section 8.12. Jurisdiction, Etc	<u>135</u>
Section 8.13. Governing Law	<u>135</u>
Section 8.14. Waiver of Jury Trial	<u>135</u>
Section 8.15. Limitation on Liability	<u>135</u>
Section 8.16. No Advisory or Fiduciary Responsibility	<u>136</u>
Section 8.17. Acknowledgment and Consent to Bail-In of Affected Financial Institutions	<u>137</u>
Section 8.18. Acknowledgement Regarding Any Supported QFCs	<u>137</u>
Section 8.19. Hedge Intercreditor Agreements	<u>138</u>
Section 8.20. No Partnership, Etc	<u>139</u>
Section 8.21. Credit Bidding	<u>139</u>

## **ANNEXES**

Annex A - Applicable Margin

## **SCHEDULES**

Schedule I - Commitments and Lending Offices  
Schedule 4.01(b) - Loan Parties  
Schedule 4.01(c) - Capital Structure  
Schedule 4.01(e) - Governmental Approvals and Authorizations  
Schedule 4.01(o) - Environmental Disclosure  
Schedule 4.01(r) - Decommissioning Activities  
Schedule 4.01(s) - Material Contracts; Hedge Agreements  
Schedule 4.01(u) - Maintained Insurance; Performance Bonds  
Schedule 4.01(v) - Intellectual Property  
Schedule 4.01(x) - Letter of Credit Rights  
Schedule 4.01(y) - Commercial Tort Claims  
Schedule 4.01(z) - Employment Contracts  
Schedule 4.01(aa) - Affiliate Transactions  
Schedule 4.01(gg) - Marketing Contracts  
Schedule 5.01(d) - Required Insurance  
Schedule 5.02(m) - Growth Capital Expenditures  
Schedule 5.02(p) - Restrictive Agreements  
Schedule 8.02 - Notice Addresses

## **EXHIBITS**

Exhibit A-1 - Form of Term Loan A Note  
Exhibit A-2 - Form of Term Loan B Note  
Exhibit B - Form of Notice of Borrowing  
Exhibit C - Form of Assignment and Acceptance  
Exhibit D - Form of Solvency Certificate  
Exhibit E - Form of Consent and Agreement for Material Contracts  
Exhibit F - Form of Secured Party Designation Notice  
Exhibit G - Form of Insurance Payment Instruction Letter  
Exhibit H - Tax Forms  
Exhibit I - Form of Excess Cash and Distributable Cash Certificate

## SENIOR SECURED TERM LOAN CREDIT AGREEMENT

SENIOR SECURED TERM LOAN CREDIT AGREEMENT, dated as of September 30, 2020, among KOSMOS ENERGY, LTD., a Delaware corporation (“**Parent**”), KOSMOS ENERGY GOM HOLDINGS, LLC, a Delaware limited liability company (“**GOM Holdings**”), KOSMOS ENERGY GULF OF MEXICO OPERATIONS, LLC, a Delaware limited liability company (the “**GOM Operations**” and, together with GOM Holdings, the “**Borrowers**”, and each a “**Borrower**”), KOSMOS ENERGY GULF OF MEXICO, LLC, a Delaware limited liability company (“**Holdings**”), KOSMOS ENERGY GULF OF MEXICO MANAGEMENT, LLC, a Delaware limited liability company (“**GOM Management**”), the other Guarantors (as hereinafter defined) from time to time party hereto, the Lenders (as hereinafter defined), CLMG CORP., a Texas corporation (“**CLMG**”), as term loan collateral agent (together with any successor term loan collateral agent appointed pursuant to Article VII, the “**Term Loan Collateral Agent**”) for the Secured Parties (as hereinafter defined), and CLMG, as administrative agent (together with any successor administrative agent appointed pursuant to Article VII, the “**Administrative Agent**” and, together with the Term Loan Collateral Agent, the “**Agents**”) for the Lenders.

### PRELIMINARY STATEMENTS:

(1) Prior to the execution of this Agreement, the Borrowers launched a competitive process to seek financing proposals from various financial institutions to finance the Loan Parties’ operations and capital expenditure requirements.

(2) Following review of the proposals received, the Borrowers have requested that the Lenders make term loans pursuant to (i) a Term Loan A Facility in an aggregate principal amount of \$150,000,000 and (ii) a Term Loan B Facility in an aggregate principal amount of \$50,000,000.

(3) The proceeds of the Term Loan A Facility shall be used (i) to provide working capital to the Borrowers and their Subsidiaries and fund general operating expenses of the Borrowers and their Subsidiaries (including Capital Expenditures to the extent permitted under this Agreement but excluding Restricted Payments other than the Effective Date Parent Debt Repayment), and \$50,000,000 of such proceeds shall be transferred into an operating account of GOM Operations pursuant to Section 5.01(i)(iii) below, (ii) for GOM Operations to make a \$50,000,000 loan to Holdings (which Holdings will use to repay Specified Parent Debt (as defined below), and (iii) to pay transaction fees and expenses incurred in connection with the Facilities (the “**Term Loan A Facility Use of Proceeds**”).

(4) The proceeds of the Term Loan B Facility shall be used by the Borrowers on the Effective Date for the deemed repayment in full of GOM Operations’ obligations under that certain Prepayment Agreement, entered into on June 26, 2020, between GOM Operations, as seller and Trafigura Trading LLC, as buyer (as amended, amended and restated, supplemented or otherwise modified from time to time and in effect on the date hereof, the “**Prepayment Agreement**”) (the “**Term Loan B Facility Use of Proceeds**”).

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 1 of 146

(5) The Borrowers have appointed GOM Operations as their agent, attorney-in-fact and representative (“**Borrower Representative**”) hereunder.

(6) Each Loan Party has agreed to guarantee the Obligations of each other Loan Party and, other than in the case of Parent and the Intermediate Parent Entities, to grant to the Term Loan Collateral Agent, for the benefit of the Secured Parties, first priority Liens on the Collateral.

(7) The Lenders have indicated their willingness to agree to make available the Facilities, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

## Article I.

### DEFINITIONS AND ACCOUNTING TERMS

#### Section 1. Certain Defined Terms

. As used in this Agreement, the following terms shall have the following meanings:

“**Acceptable Depository Bank**” means Beal Bank USA, Bank of America, N.A., JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A., or any other financial institution acceptable to the Administrative Agent in its sole and absolute discretion; *provided*, that, with respect to any such financial institution (other than Beal Bank USA), either (a) such financial institution shall have entered into an Account Control Agreement satisfactory to the Administrative Agent in its sole discretion which Account Control Agreement shall include a full waiver of setoff rights by such financial institution with respect to any debt or obligations of any Loan Party owing to such financial institution (other than customary account fees and similar items) or (b) such financial institution shall have entered into an Account Control Agreement satisfactory to the Administrative Agent in its sole discretion and shall have no existing business relationship with the Parent or any Subsidiary of Parent of any kind at any time, and shall not have had any prior business relationship with the Parent or any Subsidiary of Parent during the two year period immediately preceding the Effective Date, including that such financial institution shall not, during such period or after the Effective Date, have extended any credit to the Parent or any Subsidiary of Parent of any kind (whether by loans, lines of credit or otherwise) or, except with respect to being the depository bank with respect to the Revenue Account, have not provided any cash management services, including treasury, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements; provided that notwithstanding the foregoing to the contrary, even if the conditions set forth in the foregoing clauses (a) and (b) are not satisfied, Bank of America, N.A. shall constitute an “Acceptable Depository Bank” for a period of 30 days following the Effective Date (or such longer period as the Administrative Agent may agree in its sole discretion) so long as each such deposit account of the Borrowers or their Subsidiaries maintained at Bank of America, N.A, are subject to an Account Control Agreement.

**“Accepting Lenders”** has the meaning specified in Section 2.04(c).

**“Account Control Agreements”** means the BofA DACA, the Beal Fully Blocked DACA, the Beal Springing DACA, and any other deposit account control agreement, securities account control agreement or commodity account control agreement, in each case in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion.

**“Additional Lender”** has the meaning specified in Section 2.14(a).

**“Administrative Agent”** has the meaning specified in the recital of parties to this Agreement.

**“Administrative Agent’s Account”** means the account of the Administrative Agent specified by the Administrative Agent in writing to the Lenders from time to time.

**“Affected Financial Institution”** means (a) any EEA Financial Institution or (b) any UK Financial Institution.

**“Affiliate”** means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term **“control”** (including the terms **“controlling”**, **“controlled by”** and **“under common control with”**) of a Person means the possession, direct or indirect, of the power to vote ten percent (10%) or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

**“Agent Parties”** has the meaning specified in Section 8.02(c).

**“Agents”** has the meaning specified in the recital of parties to this Agreement.

**“Agreement”** means this Senior Secured Term Loan Credit Agreement, as amended, amended and restated, restated, supplemented or otherwise modified from time to time.

**“Agreement Value”** means, for each Hedge Agreement, on any date of determination, the amount, if any, that would be payable by any Borrower or any Subsidiary thereof to its counterparty to such Hedge Agreement in accordance with its terms as if an Early Termination Event (as defined in the applicable Hedge Intercreditor Agreement) has occurred on such date of determination.

**“Anti-Corruption Laws”** means the U.S. Foreign Corrupt Practices Act of 1977, as amended (“FCPA”), the UK Bribery Act 2010 (“UKBA”), and any laws, rules, and regulations of any jurisdiction applicable to any Loan Party or any of their respective Subsidiaries or operations from time to time concerning or relating to bribery, corruption or money laundering.

**“Anti-Terrorism Laws”** means any of the following (a) the Anti-Terrorism Order, (b) the Global Terrorism Sanctions Regulations (Title 31 Part 594 of the U.S. Code of Federal Regulations), (c) the Terrorism List Governments Sanctions Regulations (Title 31 Part 596 of the

U.S. Code of Federal Regulations), (d) the Foreign Terrorist Organizations Sanctions Regulations (Title 31 Part 597 of the U.S. Code of Federal Regulations), (e) the Patriot Act, (f) all other present and future legal requirements of any Governmental Authority addressing, relating to, or attempting to eliminate, terrorist acts and acts of war, and (g) any regulations promulgated pursuant thereto or pursuant to any legal requirements of any Governmental Authority governing terrorist acts and acts of war.

“**Anti-Terrorism Order**” means Section 1 of Executive Order 13224 of September 24, 2001, Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended.

“**Applicable Margin**” has the meaning given such term on Annex A hereto.

“**Approved Fund**” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Approved Independent Engineer**” means [\*\*\*], and any other independent third party reserve engineer selected by the Administrative Agent in its reasonable discretion.

“**Asset Coverage Ratio**” means, as of each March 31, June 30, September 30 and December 31 of each Fiscal Year, commencing December 31, 2020, the ratio of (a) Total PDP PV-10 as of such date to (b) outstanding principal amount of Loans as of such date.

“**Asset Sale**” means the assignment, conveyance, license, lease, sale, sale and leaseback, transfer, or other disposition of any Property (including any sale of Equity Interests (including any Equity Interests issued by GOM Holdings) and any unwinding or termination of any Hedge Agreement) by any Person.

“**Assignment and Acceptance**” means an assignment and acceptance entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 8.07 or by the definition of “**Eligible Assignee**”), and accepted by the Administrative Agent, in accordance with Section 8.07 and in substantially the form of Exhibit C hereto or any other form approved by the Administrative Agent in its sole and absolute discretion.

“**Authority**” has the meaning specified in Section 5.01(c)(iii).

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“**Bail-In Legislation**” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United



Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

**“Bankruptcy Code”** means Title 11 of the United States Code entitled *“Bankruptcy”*, as now and hereafter in effect, or any successor statute.

**“Bankruptcy Law”** means the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, general assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

**“Beal Fully Blocked DACA”** means the deposit account control agreement to be entered into following the Effective Date between the applicable Borrowers, the Term Loan Collateral Agent and Beal Bank USA, which agreement will provide that each such deposit account covered thereby will at all times be under the sole dominion and control of the Term Loan Collateral Agent.

**“Beal Springing DACA”** means the deposit account control agreement, dated the date hereof, between the applicable Borrowers, the Term Loan Collateral Agent and Beal Bank USA, which agreement will provide that the Term Loan Collateral Agent shall have “control” over such deposit accounts within the meaning of the Uniform Commercial Code, but that the Term Loan Collateral Agent will not direct transfers of funds into and out of such account until such time as the Term Loan Collateral Agent sends notice thereof to Beal Bank USA.

**“Benchmark Rate”** means a rate per annum equal to (a) the Federal Funds Rate then in effect plus (b) 0.[\*\*\*]%; provided that (i) solely with respect to Term A Loans, the Benchmark Rate at all times shall not be less than 0.[\*\*\*]% per annum and (ii) with respect to Term B Loans, the Benchmark Rate at all times shall not be less than 0. [\*\*\*]% per annum.

**“Beneficial Ownership Certification”** means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

**“Beneficial Ownership Regulation”** means 31 C.F.R. § 1010.230.

**“Benefit Plan”** means any of (i) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA, (ii) a “plan” as defined in and subject to Section 4975 of the Internal Revenue Code or (iii) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Internal Revenue Code) the assets of any such “employee benefit plan” or “plan”.

**“BHC Act Affiliate”** of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**BofA DACA**” means the deposit account control agreement, dated the date hereof, between the Borrowers, the Term Loan Collateral Agent and Bank of America, N.A.

“**Borrower**” has the meaning specified in the recital of parties to this Agreement.

“**Borrower Representative**” has the meaning specified in the recital of parties to this Agreement.

“**Borrowing**” means a Term Loan A Borrowing or a Term Loan B Borrowing, as the context may require.

“**Budget**” has the meaning specified in Section 5.03(d).

“**Burdensome Restrictions**” means any consensual encumbrance or restriction of the type described in clause (a) or (b) of Section 5.02(p).

“**Business Day**” means a day of the year on which banks are not required or authorized by law to close in New York City or Las Vegas, Nevada.

“**Capital Expenditures**” means, for any Person for any period, the sum of, without duplication, all expenditures made, directly or indirectly, by such Person or any of its Subsidiaries during such period for equipment, fixed assets, real property or improvements, or for replacements or substitutions therefor or additions thereto, that have been or should be, in accordance with GAAP, reflected as additions to property, plant or equipment on a Consolidated balance sheet of such Person.

“**Capitalized Leases**” means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

“**Cash**” means money, currency or a credit balance in any demand account or deposit account.

“**Cash Equivalents**” means any of the following: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America; and (b) certificates of deposit fully insured by the Federal Deposit Insurance Corporation in national, state or foreign commercial banks whose outstanding long-term debt is rated at least “A” or the equivalent by S&P or Moody’s.

“**Cash Flow Payment Date**” means the fifth (5<sup>th</sup>) Business Day following delivery of the Excess Cash and Distributable Cash Certificate required for each Fiscal Quarter pursuant to Section 5.03(j), commencing with the Fiscal Quarter ending December 31, 2020.

“**Cash Management Agreement**” means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements.

**“Cash Management Bank”** means any Person in its capacity as a party to a Cash Management Agreement that, (a) at the time it enters into a Cash Management Agreement, is a Lender or an Affiliate of a Lender, or (b) at the time it (or its Affiliate) becomes a Lender, is a party to a Cash Management Agreement, in each case, in its capacity as a party to such Cash Management Agreement (even if such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender); provided, however, that for any of the foregoing to be included as a “Secured Cash Management Agreement” on any date of determination by the Administrative Agent, the applicable Cash Management Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

**“Casualty Event”** means a casualty event that causes all or a portion of the tangible Property of any Borrower or its Subsidiaries to be damaged, destroyed or rendered unfit for normal use for any reason whatsoever, other than (a) ordinary use and wear and tear or (b) any Event of Eminent Domain.

**“CERCLA”** means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time.

**“Change of Control”** means, (a) at any time, any “person” or “group” (within the meaning of Rule 13(d) of the Exchange Act and the rules of the Securities and Exchange Commission thereunder as in effect on the Effective Date) (i) shall have acquired ownership, directly or indirectly, beneficially or of record, of more than 50% on a fully diluted basis of the aggregate voting power represented by the issued and outstanding Equity Interests of the Parent, or (ii) shall have acquired direct or indirect control of any Borrower, (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Parent by Persons who were neither (i) nominated, appointed or approved for consideration by shareholders for election by the board of directors of the Parent nor (ii) appointed by directors so nominated, appointed or approved, (c) Parent shall cease to own, directly or indirectly, all of the issued and outstanding Equity Interests of GOM Holdings, (d) GOM Holdings shall cease to own, free and clear of all Liens (other than Liens permitted under Section 5.02(a)(i)) and other encumbrances, 100% on a fully diluted basis of the aggregate voting power represented by the issued and outstanding Equity Interests in Holdings, (e) Holdings shall cease to own, free and clear of all Liens (other than Liens permitted under Section 5.02(a)(i)) and other encumbrances, 100% on a fully diluted basis of the aggregate voting power represented by the issued and outstanding Equity Interests in GOM Management, (e) GOM Management shall cease to own, free and clear of all Liens (other than Liens permitted under Section 5.02(a)(i)) and other encumbrances, 100% on a fully diluted basis of the aggregate voting power represented by the issued and outstanding Equity Interests in GOM Operations, (f) a Disqualified Owner shall become a direct or indirect owner of a 50% or greater ownership interest in or otherwise control any Loan Party or (g) a “change of control” or any other comparable term under, and as defined in, any of the Permitted Guaranteed Facilities shall have occurred. For the purposes of this definition, “**control**” shall be defined to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any Person, whether through the ability to exercise voting power, contract or otherwise.

“**CLMG**” has the meaning specified in the recital of parties to this Agreement.

“**Collateral**” means (a) all Oil and Gas Properties owned by any Borrower or Subsidiary Guarantor, (b) all Equity Interests issued by Holdings, GOM Management, GOM Operations and its Subsidiaries and (c) all other Property of any Borrower or its Subsidiaries, whether now owned or hereafter acquired, other than Excluded Property.

“**Commitment**” means, the Term Loan A Commitment, the Term Loan B Commitment and any Incremental Term Loan Commitment, as applicable.

“**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C § 1 et seq.), as amended from time to time, and any successor statute.

“**Communications**” has the meaning specified in Section 8.02(b).

“**Confidential Information**” means information that any Loan Party or its respective Subsidiaries furnishes to any Agent or any Lender designated as confidential, but does not include any such information that (a) is or becomes generally available to the public other than as a result of a breach by such Agent or any Lender of its obligations hereunder, (b) is or becomes available to such Agent or such Lender or their respective Representatives from a source other than a Loan Party or any of its Subsidiaries provided that such Agent or such Lender has no actual knowledge that such source is breaching an obligation of confidentiality to a Loan Party or its Subsidiaries in providing such information to such Agent or such Lender, (c) is, at the time of disclosure, already in the possession of any Agent or any Lender or any of their respective Representatives (so long as such information did not come into the possession of such Agent, Lender or Representative subject to any confidentiality obligations of such Person to the Loan Parties that remain in effect) or (d) is independently developed by any Agent or any Lender or any of their respective Representatives by Persons without access to the Confidential Information.

“**Consent and Agreement**” means with respect to any Material Contract, a consent and agreement in favor of the Term Loan Collateral Agent (for the benefit of the Secured Parties) in substantially the form attached hereto as Exhibit E or otherwise in form and substance reasonably satisfactory to the Term Loan Collateral Agent and the Administrative Agent.

“**Consolidated**” refers to the consolidation of accounts in accordance with GAAP.

“**Contingent Parent Guarantee Agreement**” means that certain Parent Guarantee Agreement, executed as of September 30, 2020, but to be effective upon a Parent Guarantee Trigger Event, by each Intermediate Parent Entity in favor of the Term Loan Collateral Agent for the benefit of the Secured Parties, as amended, restated, supplemented or otherwise modified from time to time.

“**Contractual Obligations**” means, as applied to any Person, any provision of any Equity Interests issued by such Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument (including operating agreements, production

handling agreements, joint venture agreements, oil and gas partnership agreements, oil and gas leases, farm-out agreements, division orders, contracts for the sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements) to which such Person is a party or by which it or any of its Properties is bound.

“**COPAS**” means the standards set forth by the Council of Petroleum Accountants Society from time to time.

“**Covered Entity**” means any of the following:

1. a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
2. a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
3. a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Dated Assets**” has the meaning assigned to such term in Section 2.15(b).

“**Dated Liabilities**” has the meaning assigned to such term in Section 2.15(b).

“**Debt**” of any Person means, without duplication, (a) Debt for Borrowed Money of such Person, (b) all obligations of such Person for the deferred purchase price of Property or services (other than trade payables not overdue (unless being contested in good faith by appropriate proceedings for which reserves and other appropriate provisions, if any, required by GAAP shall have been made) by more than sixty (60) days incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such Property), (e) all obligations of such Person as lessee under Capitalized Leases, (f) all Disqualified Equity Interests in such Person, valued, as of the date of determination, at the greater of (i) the maximum aggregate amount that would be payable upon maturity, redemption, repayment or repurchase thereof (or the value of Disqualified Equity Interests or Debt into which such Disqualified Equity Interests are convertible or exchangeable) and (ii) the maximum liquidation preference of such Disqualified Equity Interests, (g) all obligations of such Person in respect of Hedge Agreements, valued at the Agreement Value thereof, (h) all Guaranteed Debt of such Person, (i) all obligations under any earn-out, the conditions to payment of which have been satisfied (which for all purposes of this Agreement shall be valued at the maximum potential amount payable with respect to each such earn-out to the extent the conditions for such payment have been satisfied) and (j) all

indebtedness and other payment obligations referred to in clauses (a) through (i) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on Property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment obligations, not to exceed the value of the Property on which such Lien exists.

**“Debt for Borrowed Money”** of any Person means, at any date of determination, the sum of (a) all items that, in accordance with GAAP, would be classified as indebtedness on a Consolidated balance sheet of such Person at such date, (b) all obligations of such Person under acceptance, letter of credit or similar facilities at such date and (c) all Synthetic Debt of such Person at such date.

**“Declined Mandatory Prepayment Proceeds”** has the meaning specified in Section 2.04(c).

**“Declined Mandatory Excess Cash Prepayment Proceeds”** has the meaning specified in Section 2.04(c).

**“Declining Lender”** has the meaning specified in Section 2.04(c).

**“Decommissioning Activities”** shall mean all dismantling and decommissioning activities and obligations as are required by Environmental Law, any Governmental Authority (including the federal Bureau of Safety and Environmental Enforcement and the federal Bureau of Ocean Energy Management), lease or contract, including all well plugging, replugging and abandonment, facility dismantlement and removal, pipeline and flowline removal, dismantlement and removal of all other property of any kind related to or associated with oil and natural gas exploration, development and production operations or activities and associated site clearance, site restoration and site remediation.

**“Decommissioning Consultant”** means Decca Consulting, Inc.

**“Default”** means any Event of Default or any event that would constitute an Event of Default but for the passage of time or the requirement that notice be given or both.

**“Default Interest”** has the meaning specified in Section 2.05(b).

**“Default Right”** has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

**“Disqualified Equity Interest”** means, with respect to any Person, any Equity Interest in such Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, either mandatorily or at the option of the holder thereof), or upon the happening of any event or condition:

(a) matures or is mandatorily redeemable (other than solely for Equity Interests in such Person that do not constitute Disqualified Equity Interests and cash in lieu of fractional shares of such Equity Interests), whether pursuant to a sinking fund obligation or otherwise;

(b) is convertible or exchangeable, either mandatorily or at the option of the holder thereof, for Debt or Equity Interests (other than solely for Qualified Equity Interests in such Person or cash in lieu of fractional shares of such Equity Interests); or

(c) is redeemable (other than solely for Qualified Equity Interests in such Person and cash in lieu of fractional shares of such Equity Interests) or is required to be repurchased by the Parent or any Subsidiary, in either case, in whole or in part, at the option of the holder thereof;

in each case, on or prior to the date 180 days after the Maturity Date; provided that (i) an Equity Interest in any Person that would not constitute a Disqualified Equity Interest but for terms thereof giving holders thereof the right to require such Person to redeem or purchase such Equity Interest upon the occurrence of an “asset sale” or a “change of control” (or similar event, however denominated) shall not constitute a Disqualified Equity Interest if any such requirement becomes operative only after a Repayment Event and (ii) an Equity Interest in any Person that is issued to any employee or to any plan for the benefit of employees or by any such plan to such employees shall not constitute a Disqualified Equity Interest solely because it may be required to be repurchased by such Person or any of its subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“**Disqualified Owner**” means any Person that, as of the date it first becomes a direct or indirect owner of membership interests in any Borrower: (i) is, or is an Affiliate of a Person that is, a Sanctioned Person; (ii) is, or is an Affiliate of a Person that is, in violation of the Sanctions or Anti-Terrorism Laws; or (iii) has, or is an Affiliate of a Person that has, been convicted of money laundering (under 18 U.S.C. Sections 1956 or 1957), which conviction has not been overturned. For the avoidance of doubt, each Person that is a parent company of the Borrowers on the Effective Date, and each wholly owned direct or indirect subsidiary thereof, shall not be a Disqualified Owner.

“**Distributable Cash**” means:

(a) as of any date of determination commencing with the Effective Date through and including December 31, 2020, (i) \$185,000,000 plus (ii) the aggregate amount of proceeds received in Cash by any Borrower and its Subsidiaries in respect of equity contributions (other than equity contributions received from a Borrower or a Subsidiary of a Borrower) since the Effective Date less (iii) the aggregate amount of Cash Investments, Restricted Payments and Capital Expenditures or other acquisitions of Oil and Gas Properties pursuant to Section 5.02(f)(vii), Section 5.02(g), and Section 5.02(m)(iii), respectively, following the Effective Date and on or prior to such date of determination less (iv) other payments made by the Borrowers and their Subsidiaries during such period to be deducted from the calculation of Excess Cash Flow pursuant to clause (l) of the definition thereof; *provided* that, notwithstanding anything in the

foregoing to the contrary, in no event shall Distributable Cash be less than zero dollars; and

(b) as of any date of determination commencing with the delivery of the Excess Cash and Distributable Cash Certificate pursuant to Section 5.03(j) with respect to the Fiscal Quarter ending December 31, 2020, the sum of (i) the Excess Cash Flow Distributable Amount as set forth in the most recently delivered Excess Cash and Distributable Cash Certificate pursuant to Section 5.03(j) plus (ii) the Declined Mandatory Excess Cash Prepayment Proceeds (if any) in respect of the Fiscal Quarter for which such Excess Cash and Distributable Cash Certificate was delivered plus (iii) the aggregate amount of proceeds received in Cash by any Borrower and its Subsidiaries in respect of equity contributions (other than equity contributions received from a Borrower or a Subsidiary of a Borrower) in such Fiscal Quarter during which such determination is being made less (iv) the aggregate amount of Cash Investments, Restricted Payments, and Capital Expenditures or other acquisitions of Oil and Gas Properties pursuant to Section 5.02(f)(vii), Section 5.02(g)(vi), and Section 5.02(m)(iii), respectively, following the delivery of the most recent Excess Cash and Distributable Cash Certificate and on or prior to such date of determination less (v) other payments made by the Borrowers and their Subsidiaries during such period to be deducted from the calculation of Excess Cash Flow pursuant to clause (l) of the definition thereof; *provided* that, notwithstanding anything in the foregoing to the contrary, in no event shall Distributable Cash be less than zero dollars.

**“Division”** means the division of a limited liability company into two (2) or more limited liability companies pursuant to a “plan of division” or similar method within the meaning of the Delaware Limited Liability Company Act or similar statute in any other state.

**“Dollars”** and the sign “\$” mean the lawful currency of the United States of America.

**“Early Termination Event”** has the meaning specified in any applicable Hedge Intercreditor Agreement.

**“EEA Financial Institution”** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**“EEA Member Country”** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**“EEA Resolution Authority”** means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.



**“Effective Date”** has the meaning specified in Section 3.01.

**“Effective Date Parent Debt Repayment”** has the meaning specified in Section 5.02(g)(iv).

**“Eligible Assignee”** means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than an individual) approved by the Administrative Agent in its reasonable discretion; *provided, further*, that no Loan Party or any of its Affiliates shall qualify as an Eligible Assignee under this definition.

**“Environmental Action”** means any action, suit, demand, claim, written request for information, notice of violation, enforcement or non-compliance, notice of liability or responsibility or potential liability or responsibility, investigation, proceeding, consent agreement or consent order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, relating to or arising (a) pursuant to or in connection with any actual or alleged violation of, or liability under, any Environmental Law (including alleged liability for performance of a Remedial Action) or Environmental Permit (b) in connection with any Hazardous Material (including any Release or threatened Release) or Hazardous Material Activity; or (c) in connection with any actual or alleged damage, injury, contribution, indemnification, cost recovery, compensation, injunctive relief, or threat or harm with respect to health, safety, natural resources or the environment.

**“Environmental Complaint”** has the meaning specified in Section 5.01(c)(iii).

**“Environmental Consultant”** means [\*\*\*].

**“Environmental Law”** means any applicable constitution, treaty, law (including CERCLA), statute, code, ordinance, order, determination, rule (including rules of common law), regulation, judgment, settlement, decree, injunction, permit (or registration, approval, notice, consent, certification, exemption, variance, waiver, identification number, license or other authorization) or other directive or requirement of any Governmental Authority, whether now or hereinafter in effect, relating to: (a) prevention of pollution; (b) protection of health, safety and the environment (including ambient air, surface water, groundwater, land surface, sediments or subsurface strata); (c) preservation or reclamation of natural resources; (d) Hazardous Materials (including the presence, Release or threatened Release of, or exposure to, Hazardous Materials); or (e) Hazardous Material Activity.

**“Environmental Permit”** means any permit, registration, approval, notice, consent, certification, exemption, variance, waiver, identification number, license or other authorization issued by any Governmental Authority or otherwise required under any Environmental Law.

**“Equity Interests”** means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the

purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“**ERISA Affiliate**” means any trade or business that for purposes of Title IV of ERISA is a member of the controlled group of any Loan Party, or under common control with any Loan Party, within the meaning of Section 414 (b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

“**ERISA Event**” means (a)(i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30 day notice requirement with respect to such event has been waived by the PBGC or (a)(ii) the requirements of Section 4043(b) of ERISA apply with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of any Loan Party or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA or the incurrence by any Loan Party or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA; (e) the withdrawal by any Loan Party or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 206(g)(5) of ERISA; (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, such Plan; or (i) the determination that any Plan is in at-risk status (within the meaning of Section 430 of the Internal Revenue Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Internal Revenue Code or Section 305 of ERISA).

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“**Event of Eminent Domain**” means any action, series of actions, omissions or series of omissions by any Governmental Authority (a) by which such Governmental Authority

appropriates, confiscates, condemns, expropriates, nationalizes, seizes or otherwise takes all or a material portion of the Property of any Borrower or any of its Subsidiaries (including any Equity Interests issued or owned by any Borrower or any of its Subsidiaries), or (b) by which such Governmental Authority assumes custody or control of the Property (other than immaterial portions of such Property) or business operations of any Borrower or any of its Subsidiaries or any Equity Interests issued or owned by any Borrower or any of its Subsidiaries.

“**Events of Default**” has the meaning specified in Section 6.01.

“**Excepted Liens**” means (a) Liens for Taxes that are not yet due or that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP; (b) statutory Liens imposed by or arising by operation of law, such as materialmen’s, mechanics’, carriers’, workmen’s, warehousemen’s and repairmen’s Liens and other similar Liens (i) for amounts that are not overdue or (ii) for amounts that are overdue that (A) do not materially adversely affect the use of the Property to which they relate or (B) are bonded or are being contested in good faith by appropriate proceedings for which reserves and other appropriate provisions, if any, required by GAAP shall have been made; (c) pledges or deposits in the ordinary course of business to secure obligations under workers’ compensation, unemployment insurance, social security legislation or other similar legislation or to secure public or statutory obligations or to secure a bond or letter of credit or similar instrument that is utilized to secure such obligations; (d) Liens on deposits (or pledges of deposit accounts or securities accounts containing such deposits) to secure the performance of bids, Material Contracts and other Contractual Obligations permitted under this Agreement, trade contracts and leases (other than Debt that is Debt of the type described in clause (e) of the definition thereof), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature, in each case incurred in the ordinary course of business that are usual or customary in the oil and gas business, or to secure a bond or letter of credit or similar instrument that is utilized to secure such obligations; *provided*, this clause (d) shall not include any Lien described herein if any Event of Default has occurred and is continuing on the date such Lien is incurred; *provided, further*, that this clause (d) shall not include any Lien described herein unless the holder or beneficiary of any Lien under this clause (d) shall have agreed in writing that, to the extent any Cash subject to any such Lien is refundable or returned to any Loan Party for any reason, such holder or beneficiary of any such Lien will be pay such amounts into a deposit account held at Beal Bank USA and subject to the Beal Fully Blocked DACA; (e) Liens securing judgments (or the payment of money not constituting an Event of Default under Section 6.01(g)) or securing appeal or other surety bonds related to such judgments or to secure a bond or letter of credit or similar instrument that is utilized to secure such judgments; (f) easements, rights-of-way, restrictions, encroachments and other minor defects or irregularities in title and any zoning or other similar restrictions to or vested in any governmental office or agency to control or regulate the use of any real property, that individually or in the aggregate do not materially adversely affect the value of said real property or materially impair the ability of the Loan Parties to operate the real property to which they relate in the ordinary course of business; (g) UCC financing statements that do not secure and are unrelated to any Debt or other obligations of, and do not perfect any security interests granted by, the Borrowers and their Subsidiaries so long as such UCC financing

statements are released of record within 45 days following the Borrowers or any of their Subsidiaries becoming aware thereof; and (h) contractual Liens which arise in the ordinary course of business under operating agreements, joint venture agreements, oil and gas partnership agreements, oil and gas leases, farm-out agreements, division orders, contracts for the sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements, and other agreements which are usual and customary in the oil and gas business, together with any memoranda in connection with any of the foregoing, in each case solely to the extent that the Borrowers and their Subsidiaries are permitted to enter into such agreements under this Agreement (and which Liens secure only obligations under such agreements that are usual and customary in the oil and gas business to be secured by such Liens) and are for claims which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP, provided that any such Lien referred to in this clause (h) does not materially impair the use of the Property covered by such Lien for the purposes for which such Property is held by any Borrower or any Subsidiary or materially impair the value of such Property subject thereto and provided that Liens under this clause (h) shall only remain “Excepted Liens” so long as no action has been commenced to enforce such Liens; *provided, further* that (x) no intention to subordinate the first priority Lien granted in favor of the Term Loan Collateral Agent and the other Secured Parties is to be hereby implied or expressed by the permitted existence of such Excepted Liens and (y) the term “Excepted Liens” shall not include any Lien securing Debt for Borrowed Money.

“**Excess Cash and Distributable Cash Certificate**” means a certificate in the form attached as Exhibit I attached hereto, showing reasonably detailed calculations of (and supporting information relating thereto reasonably requested by the Administrative Agent) Excess Cash Flow, the Asset Coverage Ratio and the Excess Cash Flow Distributable Amount in respect of (or as of the last day of, as applicable) the most recently ended Fiscal Quarter, which certificate shall include a reconciliation of all sources and uses of Distributable Cash during the period then ending. The Total PDP PV-10 that will be included in any calculation of the Asset Coverage Ratio will be calculated by the Administrative Agent and provided to the Borrower Representative prior to the due date of each such Excess Cash and Distributable Cash Certificate.

“**Excess Cash Flow**” means, as of any Sweep Calculation Date, (x) the beginning Cash balance of the Borrowers and their Subsidiaries on the first day of the applicable Fiscal Quarter (other than, in each case, Cash constituting Loan proceeds held in the Loan Proceeds Account) plus (y) all Revenues received by the Borrowers and their Subsidiaries during the applicable Fiscal Quarter (provided that, in each case, such Revenues are maintained in a deposit account subject to an Account Control Agreement) *less*, (z) without duplication, the following amounts:

- (a) lease operating expenses paid in Cash during such Fiscal Quarter;

(b) G&A paid in Cash during such Fiscal Quarter; provided that the amount of Cash deducted pursuant to this clause (b) may not exceed, in any Fiscal Quarter, the positive difference, if any, of (i) \$10,000,000 minus (ii) the aggregate amount of G&A paid in cash (x) for the Fiscal Quarters ending December 31, 2020, March 31, 2021 and June 30, 2021, since the Effective Date and (y) for the Fiscal Quarter ending September 30, 2021 and each Fiscal Quarter ending thereafter, during the three Fiscal Quarters immediately preceding such Fiscal Quarter subsequent to the Effective Date;

(c) insurance expenses paid in Cash during such Fiscal Quarter with respect to the Collateral to the extent not otherwise included in lease operating expenses and G&A;

(d) any Ordinary Course Settlement Payments paid in Cash during such Fiscal Quarter in respect of Hedge Agreements entered into in accordance with the terms of the Loan Documents and permitted by Section 5.02(l);

(e) Capital Expenditures (other than capitalized G&A) permitted to be made hereunder paid in Cash in accordance with Section 5.02(m)(i) and Section 5.02(m)(ii). (i) during such Fiscal Quarter and (ii) anticipated to be paid in Cash during the immediately succeeding Fiscal Quarter;

(f) federal, state and local taxes paid in Cash by the Borrowers and their Subsidiaries during such Fiscal Quarter;

(g) interest paid in respect of the Loans during such Fiscal Quarter in accordance with Section 2.05(a)(ii);

(h) payments of principal made during such Fiscal Quarter pursuant to Section 2.04(a), Section 2.04(b)(i) or Section 2.04(b)(ii);

(i) inventory expenses in respect of the Borrowers' and their Subsidiaries' Gulf of Mexico operations during such Fiscal Quarter;

(j) fees, costs and expenses paid in respect of the Loans during such Fiscal Quarter in accordance with Section 2.06 or Section 8.04;

(k) an amount equal to a cash reserve of up to \$10,000,000; and

(l) any other cash payments made by the Borrowers and their Subsidiaries (i) solely to the extent that such payments are not otherwise deducted in the calculation of "Excess Cash Flow" pursuant to the foregoing clauses (a) through (k), and (ii) provided that no payment may be deducted in the calculation of "Excess Cash Flow" pursuant to this clause (l) to the extent that there was not a positive Distributable Cash amount sufficient to cover such payment immediately prior to giving effect to such payment.

**"Excess Cash Flow Distributable Amount"** means, as of any Sweep Calculation Date, an amount equal to (a) Excess Cash Flow for the Fiscal Quarter ending on such date *minus* (b) the Excess Cash Flow Payment Amount.

**“Excess Cash Flow Payment Amount”** means, as of each Sweep Calculation Date, an amount equal to the product of (a) Excess Cash Flow for the Fiscal Quarter ending on such date and (b) the Excess Cash Flow Sweep Percentage for such Fiscal Quarter.

**“Excess Cash Flow Sweep Percentage”** means, on any Sweep Calculation Date the applicable percentage set forth below under the caption “Excess Cash Flow Sweep Percentage” based on the “Asset Coverage Ratio” as of such Sweep Calculation Date:

<u>Asset Coverage Ratio</u>	<u>Excess Cash Flow Sweep Percentage</u>
< 1.75 to 1.00	100%
≥ 1.75 to 1.00	0%

**“Excluded Account”** means, collectively: (a) any Payroll Account, (b) any Workers Compensation Account, (c) any account used exclusively for paying Taxes, including sales taxes, so long as such account does not at any time hold amounts that are more than the reasonably anticipated tax liability of the Borrowers and their Subsidiaries over the succeeding 90 days, (d) any escrow accounts or accounts held as fiduciary or trust accounts and (e) any other deposit account with a balance not to exceed \$100,000 at any time when taken together with all other deposit accounts excluded under this clause (e).

**“Excluded Hedge Agreement”** means each Hedge Agreement (including each trade and/or confirmation thereunder) between a Borrower or any Subsidiary of a Borrower and Parent or any Subsidiary or Affiliate of Parent; provided that all trades and confirmations existing on the Effective Date and listed on Schedule 4.01(s) shall not constitute Excluded Hedge Agreements.

**“Excluded JV”** means Houston Energy Deepwater V Ventures, LLC, a Texas limited liability company.

**“Excluded Property”** has the meaning specified in the Term Loan Security Agreement and which includes, for the avoidance of doubt, Excluded Hedge Agreements.

**“Excluded Swap Obligation”** means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty (or any guarantee of such Guarantor in respect of any Swap Obligation under any Hedge Agreements) of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation, or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation or at any other time as is required for purposes of the Commodity Exchange Act or regulations. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

“**Exit Fee**” means any exit fee payable pursuant to Section 2.06(b).

“**Exit Fee Event**” has the meaning set forth in Section 2.06(b).

“**Facility**” means, each of the Term Loan A Facility and the Term Loan B Facility, as the context may require, and “**Facilities**” means, collectively the Term Loan A Facility and the Term Loan B Facility.

“**FATCA**” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Internal Revenue Code.

“**Federal Funds Rate**” means for any day of determination, the rate per annum (expressed, as a decimal, rounded upwards, if necessary, to the next higher one hundredth of one percent (1/100 of 1%)) equal to the weighted average of the rates on overnight federal funds transactions by depository institutions, as such rate is displayed on the FEDL01 Index Page of Bloomberg L.P. (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time in its reasonable discretion) at approximately 11:00 a.m. New York City time on such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (ii) if no such rate is so published for any day that is a Business Day, the Federal Funds Rate for such day shall be the average of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. The Federal Funds Rate shall be determined on the Effective Date and, thereafter, on the first Business Day of each Fiscal Quarter commencing with the first Business Day of the Fiscal Quarter ending March 31, 2021. Once the Federal Funds Rate is determined as of a particular day in accordance with the immediately preceding sentence, it shall remain in effect until the next redetermination date therefor as set forth herein.

“**Fee Letter**” means the fee letter, dated as of the date hereof, between the Agents and the Borrowers.

“**Financial Assurance**” has the meaning specified in Section 4.01(r)(ii).

“**Fiscal Quarter**” means a fiscal quarter of any Fiscal Year.

“**Fiscal Year**” means a fiscal year of the Borrowers and their Subsidiaries ending on December 31 of each calendar year.

“**Foreign Lender**” means any Lender that is not a United States person (as defined in Section 7701(a)(30) of the Internal Revenue Code).

**“Fraudulent Transfer Laws”** has the meaning specified in Section 2.15(a).

**“Fund”** means any Person (other than an individual) that is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

**“Funds Flow Memorandum”** shall mean the memorandum setting forth the flow of funds at closing and the funding of the Term A Loans and Term B Loans, as approved by the Administrative Agent in its reasonable discretion, and a related letter of direction, which Funds Flow Memorandum shall, in any case, reflect that all net proceeds of the Term A Loans shall be funded into the Loan Proceeds Account.

**“G&A”** means, for any period of determination, normal and customary cash expenses and costs incurred during such period in connection with the operation of the business of the Borrowers and Subsidiary Guarantors that are classified as general and administrative costs, *including* consulting fees, salary, rent, supplies, travel, accounting, legal, engineering and broker related fees required to manage the affairs of the Borrowers and Subsidiary Guarantors, including any such expenses and costs that are capitalized in the financial statements of the Borrowers and Subsidiary Guarantors and including all payments by a Borrower or their Subsidiaries under a Services Agreement and *excluding* insurance and any costs and expenses that are reimbursed by partners under COPAS.

**“G&A Cap”** means, with respect to any period of four consecutive Fiscal Quarters, commencing with the four-Fiscal Quarter period ending September 30, 2021, \$25,000,000.

**“GAAP”** means generally accepted accounting principles in the United States set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession) including, without limitation, the FASB Accounting Standards Codification, that are applicable to the circumstances as of the date of determination, consistently applied.

**“GOM Holdings”** has the meaning specified in the recital of parties to this Agreement.

**“GOM Management”** has the meaning specified in the recital of parties to this Agreement.

**“GOM Operations”** has the meaning specified in the recital of parties to this Agreement.

**“Governmental Authority”** means any nation or government, any state, province, city, municipal entity or other political subdivision thereof, and any governmental, executive, legislative, judicial, administrative or regulatory agency, department, authority, instrumentality, commission, board, bureau or similar body, whether federal, state, provincial, territorial, local or foreign, including any state-owned, state-controlled or state-operated company, and any level of any public international organization.



**“Governmental Official”** means any officer or employee of a Governmental Authority or any person acting in an official capacity for such Governmental Authority, including (i) a foreign official as defined in the FCPA, (ii) a foreign public official as defined in the UKBA, (iii) an officer or employee of a government-owned, controlled, operated enterprise, such as a national oil company, and (iv) any non-U.S. political party or party official or any candidate for foreign political office.

**“Governmental Authorization”** means any authorization, approval, consent, franchise, license, covenant, order, ruling, permit, certification, exemption, notice, declaration or similar right, undertaking or other action of, to or by, or any filing, qualification or registration with, any Governmental Authority.

**“Governmental Requirement”** means any applicable constitution, treaty, law, statute, code, ordinance, order, determination, rule (including rules of common law), regulation, judgment, decree, injunction, permit, Environmental Permit or other directive or requirement (including, Environmental Laws, energy regulations, legal requirements and standards applicable to Decommissioning Activities, and occupational, safety and health standards or controls) of any Governmental Authority, whether now or hereinafter in effect.

**“Growth Capital Expenditures”** means, in respect of any Borrower and/or any of its Subsidiaries, Capital Expenditures used to finance the acquisition or development of any Oil and Gas Property or completion of any well.

**“Guaranteed Debt”** means, with respect to any Person, any obligation or arrangement of such Person to guarantee or otherwise assure payment of any Debt (“**primary obligations**”) of any other Person (the “**primary obligor**”) in any manner, whether directly or indirectly, including, without limitation, (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor or (iii) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof. The amount of any Guaranteed Debt shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guaranteed Debt is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Guaranteed Debt) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

**“Guarantors”** means Parent, each Borrower and each Subsidiary Guarantor, and, upon the occurrence of a Parent Guarantee Trigger Event, each Parent Intermediate Entity that becomes a Guarantor from time to time pursuant to the terms hereof.

“**Guaranty**” has the meaning specified in the Term Loan Security Agreement.

“**Hazardous Discharge**” has the meaning specified in Section 5.01(c)(iii).

“**Hazardous Material Activity**” means the generation, manufacture, processing, distribution, use, handling, treatment, storage, transport or disposal, or arrangement for transport or disposal of Hazardous Materials.

“**Hazardous Materials**” means any substance, whether by its nature or its use, that is regulated or as to which liability might arise under or pursuant to any Environmental Law including any: (a) chemical, product, material, substance or waste listed, defined, designated or classified as or included in the definition of “hazardous substance,” “hazardous material,” “hazardous waste,” “restricted hazardous waste,” “extremely hazardous waste,” “solid waste,” “toxic waste,” “extremely hazardous substance,” “toxic substance,” “toxic pollutant,” “contaminant,” “pollutant,” or words of similar meaning or import found in any Environmental Law; (b) petroleum hydrocarbons, petroleum products, by-products or breakdown products, petroleum substances, oil and natural gas exploration and production wastes, natural gas, condensate, crude oil, or any components, fractions or derivatives thereof; and (c) radioactive materials, asbestos-containing materials and polychlorinated biphenyls, urea formaldehyde, lead-containing material, or radon.

“**Hedge Agreements**” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “**Master Agreement**”), including any such obligations or liabilities under any Master Agreement.

“**Hedge Bank**” means any Person in its capacity as a party to a Hedge Agreement that, (a) at the time it enters into a Hedge Agreement not prohibited under Article V, is a Lender or an Affiliate of a Lender, (b) at the time it (or its Affiliate) becomes a Lender, is a party to a Hedge Agreement not prohibited under Article V, in each case, in its capacity as a party to such Hedge Agreement (even if, in each case, such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender) or (c) is any other Person (other than an Affiliate of a Loan Party) designated in writing by the Borrower Representative to the Administrative Agent that is acceptable to the Administrative Agent in its reasonable discretion (if such Person is organized under the laws of the United States) or in its sole and absolute discretion (if such Person is

organized under the laws of a foreign jurisdiction); provided, in the case of (i) a Secured Hedge Agreement with a Person who is no longer a Lender (or Affiliate of a Lender), such Person shall be considered a Hedge Bank only through the stated termination date (without extension or renewal) of such Secured Hedge Agreement and (ii) a Hedge Agreement with any Hedge Bank to be included as a “Secured Hedge Agreement” on any date of determination by the Administrative Agent, the applicable Hedge Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have (x) delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination, and (y) in the case of any Hedge Bank that is not a Lender or an Affiliate of a Lender, become and remain a party to a Hedge Intercreditor Agreement.

“**Hedge Intercreditor Agreement**” means any applicable intercreditor agreement by and among the Administrative Agent, the Term Loan Collateral Agent, the Hedge Banks Party thereto, the Borrowers and Subsidiary Guarantors and the other Persons party thereto from time to time, in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion, in each case, as amended, restated, supplemented or otherwise modified from time to time.

“**Holdings**” has the meaning specified in the recital of parties to this Agreement.

“**Hydrocarbon Interests**” means all rights, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, fee interests, surface interests, mineral fee interests, overriding royalty interests and other royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature. Unless otherwise indicated herein, each reference to the term “Hydrocarbon Interests” shall mean Hydrocarbon Interests of the Borrowers and/or their Subsidiaries, as the context requires.

“**Hydrocarbons**” means oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined or separated therefrom and all other minerals which may be produced and saved from or attributable to the Oil and Gas Properties of the Borrowers and their Subsidiaries, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests of the Borrowers and their Subsidiaries or other properties constituting Oil and Gas Properties of the Borrowers and their Subsidiaries.

“**Increasing Lender**” has the meaning specified in Section 2.14(a).

“**Incremental Agreement**” has the meaning specified in Section 2.14(c).

“**Incremental Term Loan**” has the meaning specified in Section 2.14(a).

“**Incremental Term Loan Commitments**” has the meaning specified in Section 2.14(a).

“**Indemnified Costs**” has the meaning specified in Section 7.05(a).

**“Indemnified Party”** has the meaning specified in Section 8.04(b).

**“Indemnified Taxes”** has the meaning specified in Section 2.09(a).

**“Initial Lenders”** means the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Lenders.

**“Initial Operating Budget”** has the meaning specified in Section 3.01(a)(xi).

**“Initial Pledged Debt”** has the meaning specified in the Term Loan Security Agreement.

**“Initial Pledged Equity”** has the meaning specified in the Term Loan Security Agreement.

**“Initial Prepayment Acceptance Date”** has the meaning specified in Section 2.04(c).

**“Initial Reserve Report”** means the Reserve Report prepared with an effective date as of September 30, 2020, prepared by [\*\*\*], evaluating the Oil and Gas Properties of the Borrowers and the Subsidiary Guarantors constituting Proved Reserves.

**“Insufficiency”** means, with respect to any Plan, the amount, if any, of its unfunded benefit liabilities, as defined in Section 4001(a)(18) of ERISA.

**“Insurance Consultant”** means [\*\*\*], LLC.

**“Intellectual Property”** means property constituting under any applicable law a patent, patent application, registered copyright, copyright application for copyright registration, trademark, trademark application, service mark, trade name or trade secret. Patents and patent applications include any provisional and non-provisional applications, issued patents including those based on continuation, continuation-in-part, divisional and substitute applications, patents resulting from a reissue or reexamination proceeding, and any foreign equivalents and improvements thereof, and any claims for past and future infringements of the patents.

**“Interest Payment Date”** means, with respect to any Loan, the last day of each Fiscal Quarter, commencing with the last day of the Fiscal Quarter ending December 31, 2020; *provided*, that, in addition to the foregoing, in each case, each of (x) the date upon which all or any principal part of any Loan has been repaid, (y) the Maturity Date, and (z) the Repayment Event, shall be deemed to be an “Interest Payment Date” with respect to any interest that has then accrued under this Agreement.

**“Intermediate Parent Entity”** means each Subsidiary of Parent from time to time in the direct chain of ownership between Parent and GOM Holdings.

**“Internal Revenue Code”** means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

**“Investment”** in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including, without limitation, any acquisition by way of a merger or consolidation (or similar transaction) and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (h) or (i) of the definition of **“Debt”** in respect of such Person.

**“Lenders”** means the Initial Lenders and each Person that shall become a Lender hereunder pursuant to Section 8.07 for so long as such Person shall be a party to this Agreement, including each Term Loan A Lender and each Term Loan B Lender.

**“Lending Office”** means, with respect to any Lender, the office of such Lender specified as its **“Lending Office”** opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower Representative and the Administrative Agent.

**“Lien”** means, with respect to any Property, (a) any mortgage, deed of trust, deed to secure debt, lien (statutory or otherwise), pledge, hypothecation, encumbrance, collateral assignment, charge or security interest in, on or of such Property, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing), relating to such Property, and (c) in the case of Equity Interests or debt securities, any purchase option, call or similar right or preferential arrangement of a third party with respect to such Equity Interests or debt securities. For the avoidance of doubt, **“Lien”** shall not include any netting or set-off arrangements under any Contractual Obligation (other than Contractual Obligations constituting Debt for Borrowed Money) otherwise permitted under the terms of the Loan Documents.

**“Loan”** means a Term A Loan or a Term B Loan.

**“Loan Documents”** means (a) this Agreement, (b) the Notes, (c) the Parent Guarantee Agreement, (d) each Hedge Intercreditor Agreement, (e) the Term Loan Collateral Documents, (f) the Fee Letter, (g) the Contingent Parent Guarantee Agreement, and (h) any other document that is executed in connection with the transactions contemplated herewith or therewith and is deemed in writing by the Borrower Representative and the Administrative Agent to constitute a Loan Document, in each case, for clauses (a) through (f), as amended, restated, supplemented or otherwise modified from time to time.

**“Loan Parties”** means Parent, the Borrowers and the other Guarantors.

**“Loan Proceeds Account”** means a deposit account of the Borrower Representative maintained for such purpose at Beal Bank USA and subject to the Beal Springing DACA into which all net proceeds of the Term A Loans will be deposited on the Effective Date and held until withdrawn therefrom as permitted hereunder.

“**Losses**” has the meaning specified in Section 8.04(b).

“**Maintenance Capital Expenditures**” means, in respect of the Borrowers and/or any of their Subsidiaries, Capital Expenditures that are made for the maintenance, repair, enhancement, refurbishment, plugging, abandonment or decommissioning of any of their respective Property (a) in accordance with applicable law and Prudent Industry Practice and (b) in the ordinary course of business and consistent with past practice of the Borrowers and their Subsidiaries.

“**Margin Stock**” has the meaning specified in Regulation U.

“**Material Adverse Change**” means, individually or in the aggregate,

- (a) any Material Adverse Effect;
- (b) any pending or threatened Event of Eminent Domain relating to any of the Collateral which, individually or in the aggregate, could reasonably be expected to impair Collateral with a value (net to the interests of the Borrowers and their Subsidiaries) in excess of \$10,000,000;
- (c) the existence of any unrepaired damage to any of the Collateral in an aggregate amount in excess of \$5,000,000 (net to the interests of the Borrowers and their Subsidiaries) to the extent that it is reasonably likely that such damage will not be covered by a claim made (or such claim has been denied) against any applicable insurance policy covering such Collateral (subject to customary deductibles);
- (d) the existence of any litigation, which when taken in the context of the Loan Parties individually or in the aggregate (and net to the interests of the Loan Parties), could reasonably be expected to result in liability that is not covered by insurance in excess of \$10,000,000; or
- (e) any insolvency proceedings relating to any Loan Party or any of the Collateral, including any insolvency proceeding that is or may be pending or threatened.

“**Material Adverse Effect**” means a material adverse effect on (a) the financial condition, business, results or operations of the Loan Parties, taken as a whole, (b) the rights, remedies or benefits of any Agent or the Lenders, taken as a whole, under any Loan Document, (c) the ability of the Loan Parties to perform their respective Obligations under the Loan Documents or (d) the validity, binding effect, enforceability or priority of the Liens and security interests granted to the Secured Parties under the Loan Documents.

“**Material Contract**” means each of (a) the agreements listed on Schedule 4.01(s) and (b) any other Contractual Obligation entered into on or after the Effective Date (other than any Loan Document or any Contractual Obligation under other Permitted Debt) of any of the Borrowers or their Subsidiaries (i) that is a Midstream Contract, an operating agreement (including any joint operating agreement), a production handling agreement or any other unitization or land agreement and (ii) for which breach, nonperformance or cancellation could reasonably be

expected to have an economic impact to the Borrowers and their Subsidiaries' Proved Developed Producing Reserves in excess of \$10,000,000.

**"Maturity Date"** means the earliest of (a) the date that occurs on the fifth (5<sup>th</sup>) anniversary of the Effective Date, (b) the date that is 180 days prior to the scheduled maturity date of any Permitted Guaranteed Facility or Specified Parent Debt if there is any outstanding Debt or available commitments to borrow under such Permitted Guaranteed Facility or Specified Parent Debt as of such date, and (c) the date the Loans become due and payable pursuant to Section 6.01.

**"Midstream Contract"** means any contractual agreement or other arrangement relating to the treatment, processing, gathering, dehydration, compression, blending, transportation, storage, transmission, stabilization, disposal, delivery, marketing, buying or selling or other disposition of fresh water, produced water, crude oil, natural gas, natural gas liquids or other liquid or gaseous hydrocarbons, including that used for fuel or consumed in the foregoing activities.

**"[\*\*\*]Trade"** means the acreage trade disclosed by the Borrowers to the Administrative Agent prior to the Effective Date pursuant to which the Borrowers and their Subsidiaries would, following the Effective Date, acquire partial interests in [\*\*\*] (the **"Acquired Blocks"**) in exchange for partial interests in [\*\*\*] (the **"Outgoing Blocks"**).

**"Moody's"** means Moody's Investors Service, Inc., and any successor thereto.

**"Mortgaged Property"** means any Property owned by any Borrower or Subsidiary Guarantor which is subject to the Liens existing and to exist under the terms of the Mortgages.

**"Mortgages"** means any deed of trust, trust deed, mortgage, leasehold mortgage or leasehold deed of trust delivered on the date hereof or from time to time hereafter pursuant to Section 5.01(1)(iv), in each case as amended.

**"Multiemployer Plan"** means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

**"Multiple Employer Plan"** means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and at least one Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

**"Net Cash Proceeds"** means:

(a) with respect to any Asset Sale, the excess, if any, of (i) the sum of Cash and Cash Equivalents received by any Loan Party in connection with such Asset Sale minus (ii) the sum of

(A) the out of pocket costs, fees, commissions, premiums and expenses (including legal and accounting costs, fees and expenses and title and recording fees, costs and expenses) reasonably incurred directly or indirectly by any Loan Party in connection with such Asset Sale to the extent such amounts were not deducted in determining the amount referred to in clause (i) and (B) federal, state and local taxes paid or reasonably estimated to be payable by any Loan Party in connection therewith to the extent such amounts were not deducted in determining the amount referred to in clause (i); and

(b) with respect to the incurrence or issuance of any Debt for Borrowed Money by any Loan Party, the excess if any, of (i) the sum of the Cash and Cash Equivalents received by any Loan Party in connection with such incurrence or issuance minus (ii) the underwriting discounts and commissions or other similar payments, and other out of pocket costs, fees, commissions, premiums and expenses (including legal and accounting costs, fees and expenses and title and recording fees, costs and expenses) reasonably incurred directly or indirectly any Loan Party in connection with such incurrence or issuance to the extent such amounts were not deducted in determining the amount referred to in clause (i); and

(c) with respect to any Event of Eminent Domain or Casualty Event, the excess, if any, of (i) the sum of Cash and Cash Equivalents received by any Loan Party in connection with such Event of Eminent Domain or Casualty Event minus (ii) the sum of (A) the out of pocket costs and expenses reasonably incurred by any Loan Party in connection with the collection, enforcement, negotiation, consummation, settlement, proceedings, administration or other activity related to the receipt or collection of the relevant proceeds to the extent such amounts were not deducted in determining the amount referred to in clause (i) and (B) federal, state and local taxes paid or reasonably estimated to be payable as a result of thereof to the extent such amounts were not deducted in determining the amount referred to in clause (i);

*provided that*, any Net Cash Proceeds received in the form of Cash Equivalents by any Loan Party shall be converted to Cash prior to repayment of the Loans in accordance with Section 2.04.

“**Note**” means each Term Loan A Note and Term Loan B Note.

“**Notice of Borrowing**” means a Notice of Borrowing, in substantially the form of Exhibit B hereto, given by the Borrower Representative in accordance with Section 2.02.

“**NPL**” means the National Priorities List under CERCLA.

“**Obligation**” means all obligations (whether now existing or hereafter arising, absolute or contingent, joint, several, or independent) of every nature of each Loan Party from time to time owed to any Agent (including former Agents) or any Lender from time to time outstanding hereunder and under the other Loan Documents or otherwise under any Loan, Secured Cash Management Agreement or Secured Hedge Agreement, including, without limitation, all principal and all interest, fees, premium, the Exit Fee, expenses, and other charges accrued or accruing (or which would, absent commencement of any bankruptcy, insolvency or other similar proceeding involving creditors’ rights generally and any proceeding ancillary thereto, accrue) on



or after the commencement of any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto at the rate provided for herein or the relevant Loan Document, whether or not such interest, fees, premium, Exit Fee, expenses or other charges are allowed or allowable in any such bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto.

1. **"Oil and Gas Properties"** means Hydrocarbon Interests; the Properties now or hereafter pooled or unitized with Hydrocarbon Interests; all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including without limitation all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests; all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; all tenements, hereditaments, appurtenances and Properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests; and all Properties, rights, titles, interests and estates described or referred to above, including any and all tangible Property, real or personal, now owned or hereafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or Property (excluding drilling rigs, automotive equipment, rental equipment or other personal Property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells, all permanently abandoned and inactive wells, dry holes or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, pipelines, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing. Unless otherwise indicated herein, each reference to the term "Oil and Gas Properties" shall mean Oil and Gas Properties of the Borrowers and/or their Subsidiaries, as the context requires.

**"Ordinary Course Settlement Payments"** means all regularly scheduled payments due under any Hedge Agreement (other than any Excluded Hedge Agreement) from time to time, calculated in accordance with the terms of such Hedge Agreement, but excluding, for the avoidance of doubt any "settlement amounts" or "termination payments" due and payable under such Hedge Agreement.

**"Other Taxes"** has the meaning specified in [Section 2.09\(b\)](#).

**"Parent"** has the meaning specified in the recital of parties to this Agreement.

**"Parent Guarantee Agreement"** means that certain Parent Guarantee Agreement, dated as of September 30, 2020, by Parent in favor of the Term Loan Collateral Agent for the benefit

of the Secured Parties, as amended, restated, supplemented or otherwise modified from time to time.

**“Parent Guarantee Trigger Event”** means any Intermediate Parent Entity incurring, suffering to exist, issuing, assuming or otherwise becoming liable for an aggregate amount of Debt in excess of \$10,000,000.

**“Participant Register”** has the meaning specified in Section 8.07(f).

**“Patriot Act”** means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56, signed into law October 26, 2001.

**“Payroll Account”** a zero balance deposit account exclusively used for tax withholding, payroll, payroll taxes, employee benefits (including workers’ compensation, unemployed insurance or other forms of governmental insurance or benefits).

**“PBGC”** means the Pension Benefit Guaranty Corporation (or any successor).

**“Permitted Debt”** means Debt permitted under Section 5.02(b).

**“Permitted Guaranteed Facilities”** means (a) that certain Agreement dated as of November 23, 2012 (as amended and restated on March 14, 2014, as further amended and restated on August 6, 2018, and as may be further amended, amended and restated, restated, supplemented or otherwise modified from time to time) by and among, Parent, as borrower, the Subsidiaries of Parent party thereto, as guarantors, the lenders party thereto, ING Bank N.V., as facility agent and Crédit Agricole Corporate and Investment Bank, as security agent, and the other financial institutions party thereto, (b) that certain Senior Notes Indenture dated as of April 4, 2019 (as amended, amended and restated, restated, supplemented or otherwise modified from time to time) by and among Parent, as issuer, the Subsidiaries of Parent party thereto, as guarantors, Wilmington Trust National Association, as trustee and the other financial institutions party thereto and (c) any refinancing or replacement in respect of the foregoing to the extent that (i) any such new Debt that is in the form of senior notes shall have a maturity date that is at least 180 days following the Maturity Date hereunder (without giving effect to clauses (b) and (c) of the definition of “Maturity Date”), (ii) such new Debt is in an aggregate principal amount not in excess of the sum of (A) the aggregate principal amount then outstanding of the refinanced Debt (or, in the case of refinanced Debt that is a revolving credit facility, in excess of the commitments under such revolving credit facility) and (B) an amount necessary to pay any accrued and unpaid interest thereon and any fees and expenses, including premiums, related to such exchange or refinancing; (iii) such new Debt does not contain (A) financial maintenance covenants that, taken as a whole, are more onerous or restrictive with respect to the Borrowers and their Subsidiaries than the financial maintenance covenants in the refinanced Debt, (B) any event of default that, in the case of any individual event of default, is more restrictive or onerous with respect to the Borrowers and their Subsidiaries than any individual event of default in the refinanced Debt or this Agreement, or (C) any covenants (other than financial maintenance covenants) that, taken as a whole, are more onerous or restrictive with respect to the Borrowers

and their Subsidiaries than the covenants in the refinanced Debt or this Agreement; (iv) if the refinanced Debt is unsecured, such new Debt is unsecured; and (v) any such new Debt that is in the form of senior notes shall not provide for any scheduled principal repayment, mandatory principal redemption or sinking fund obligation prior to the 180th day after the Maturity Date (without giving effect to clauses (b) and (c) of the definition of “Maturity Date”) and other than customary offers to purchase upon a change of control, asset sale, or casualty or condemnation event (so long as any such mandatory prepayment or offer to purchase in respect of any asset sale, casualty or condemnation event is made subject to the applicable prepayment provisions set forth in this Agreement) and customary acceleration rights after an event of default).

“**Permitted Liens**” means Liens permitted to exist pursuant to Section 5.02(a).

“**Person**” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a Governmental Authority.

“**Plan**” means a Single Employer Plan or a Multiple Employer Plan.

“**Platform**” has the meaning specified in Section 8.02(b).

“**Pledged Debt**” has the meaning specified in the Term Loan Security Agreement.

“**Prepayment Agreement**” is as defined in the preliminary statements.

“**Pro Rata Share**” of any amount means, with respect to any Lender at any time and with respect to any one or more Facilities, the product of such amount times a fraction the numerator of which is the amount of the Loans comprising such Facilities owed to such Lender under the applicable Facilities at such time and the denominator of which is the aggregate amount of the Loans comprising such Facilities then outstanding and owed to all Lenders under the applicable Facilities at such time.

“**Property**” means any right or interest in or to any asset, lease or property of any kind whatsoever (including Equity Interests), whether real, personal or mixed and whether intangible or tangible.

“**Proved Reserves**” means “**Proved Reserves**” as defined in the Definitions for Oil and Gas Reserves (in this paragraph, the “**Definitions**”) promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question. “**Proved Developed Producing Reserves**” means Proved Reserves which are categorized as both “Developed” and “Producing” in the Definitions, “**Proved Developed Nonproducing Reserves**” means Proved Reserves which are categorized as both “Developed” and “Nonproducing” in the Definitions, “**Proved Developed Reserves**” means the sum of Proved Developed Producing Reserves and Proved Developed Nonproducing Reserves, and “**Proved Undeveloped Reserves**” means Proved Reserves which are categorized as “Undeveloped” in the Definitions.

**“Prudent Industry Practice”** means those practices, methods, equipment, specifications and standards of safety and performance, as are commonly used by upstream companies engaged primarily in offshore oil and gas exploration and production in the Gulf of Mexico in the United States as good, safe and prudent engineering practices would dictate, with commensurate standards of safety, performance, dependability, efficiency and economy, in each such case as the same may evolve from time to time, consistent with applicable law. **“Prudent Industry Practice”** as defined herein does not necessarily mean one particular practice, method, equipment specification or standard in all cases, but is instead intended to encompass a broad range of acceptable practices, methods, equipment specifications and standards.

**“PTE”** means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

**“QFC”** has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

**“Qualified Equity Interest”** of any Person means any Equity Interest in such Person other than any Disqualified Equity Interest.

**“Register”** has the meaning specified in Section 8.07(d).

**“Registered”** means issued, registered, renewed or subject to a pending application with a Governmental Authority such as the United States Patent and Trademark Office, the United States Copyright Office or other similar Governmental Authority anywhere in the world.

**“Regulation U”** means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

**“Release”** means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping or disposing of Hazardous Material into the indoor or outdoor environment.

**“Remedial Action”** means any investigatory, response, remedial, removal, or corrective action activity to assess, evaluate, clean-up, detoxify, decontaminate, contain or otherwise remediate any Hazardous Material or to comply with any Environmental Laws and Environmental Permits, including any inspection, investigation, study, monitoring, assessment, audit, sampling and testing, laboratory or other analysis, or evaluation relating to any Release or threatened Release of Hazardous Materials as required by Environmental Laws, Environmental Permits or any Governmental Authority.

**“Repayment Event”** means the satisfaction of the following conditions: (a) the repayment in full in Cash of all of the outstanding principal amount of the Loans and all other Obligations (except for Secured Bank Product Obligations and indemnities and other obligations which by the express terms of the relevant Loan Documents survive the repayment of the Loans and the termination of the Commitments) due and payable under the Loan Documents and (b) the termination of all Commitments.

**“Representatives”** of a Person mean such Person’s Affiliates, and its Affiliates’ respective officers, directors, employees, agents, contractors, advisors, accountants and other representatives.

**“Required Lenders”** means, at any time, Lenders owed or holding more than 50% of the aggregate principal amount of the Loans outstanding at such time.

**“Reserve Report”** means each report, in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion, commissioned by and addressed to the Administrative Agent and the Lenders, or otherwise as rolled forward internally by the Administrative Agent, setting forth, as of December 31 or such other applicable dates set forth therein, the Proved Reserves attributable to the Oil and Gas Properties of the Borrowers and their Subsidiaries (other than the Excluded JV) that, together with a projected rate of production and future net income, taxes, operating expenses (including gathering, processing and transportation costs, variable and fixed lease operating expenses, COPAS, production taxes and any other costs related to the development, operation and production of Oil and Gas Properties or to service any related contracts) and capital expenditures with respect thereto as of such date, adjusted by the Administrative Agent in its reasonable discretion for basis, quality and gravity differentials based on historical differentials and go-forward expectations, without giving effect to non-property related expenses such as general and administrative expenses, debt service, future income tax expense and depreciation, depletion and amortization.

**“Resolution Authority”** means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

**“Responsible Officer”** means, as to any Person, any duly authorized and appointed officer of such Person, as demonstrated by a certificate of incumbency or other appropriate appointment or resolution, having actual knowledge of the matter in question.

**“Restricted Payment”** has the meaning specified in Section 5.02(g).

**“Revenue”** means, collectively, all contributions, distributions, dividends and other Cash and Cash Equivalents actually received by the Borrowers and Subsidiary Guarantors in cash (including the amount of payments received in respect of Ordinary Course Settlement Payments other than any payments received in respect of Excluded Hedge Agreements).

**“Revenue Account”** has the meaning specified in Section 5.01(i)(i).

**“Sanctioned Country”** means, at any time, a country, region or territory which is itself the subject or target of comprehensive Sanctions amounting to an embargo (at the time of this Agreement, Crimea, Cuba, Iran, North Korea and Syria).

**“Sanctioned Person”** means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury (including but not limited to the Specially Designated Nationals and Blocked Persons List), the U.S. Department of State, the United Nations Security Council, the

European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom, or other relevant sanctions authority, (b) any Person operating, organized, located, or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

“**S&P**” means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., and any successor thereto.

“**Sanctions**” means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

“**Sanctions and Export Control Laws**” means any applicable law, regulation, order, or directive which: (a) imposes Sanctions; or (b) applies to the export, reexport, transfer, disclosure or provision of goods, technology, services, or technical assistance, including controls administered pursuant to the U.S. Export Administration Regulations, 15 C.F.R. Parts 730-774 and similar export control laws, regulations, orders and directives of other jurisdictions to the extent applicable.

“**Scheduled Amortization Payment**” means each repayment of Loans made pursuant to Section 2.04(b)(i).

“**Scheduled Amortization Payment Date**” means, with respect to any Loan, the last day of each Fiscal Quarter, commencing on the last day of the Fiscal Quarter ending December 31, 2021.

“**SEC**” has the meaning specified in Section 5.03(l).

“**Second Offer**” has the meaning specified in Section 2.04(c).

“**Secured Bank Product Obligations**” means all debt, obligations and other liabilities owing under Secured Cash Management Agreements and Secured Hedge Agreements; *provided* that Secured Bank Product Obligations of a Loan Party shall not include the Excluded Swap Obligations of such Loan Party.

“**Secured Cash Management Agreement**” means any Cash Management Agreement that is entered into by and between any Borrower or Subsidiary and any Cash Management Bank which has delivered a Secured Party Designation Notice.

“**Secured Hedge Agreement**” means any Hedge Agreement permitted under Section 5.02(l) that is entered into by and between any Borrower or Subsidiary and any Hedge Bank which has delivered a Secured Party Designation Notice, so long as, in the case of any such

Hedge Agreement with a Hedge Bank that is not a Lender or an Affiliate of a Lender, such Hedge Bank has entered into and remains party to a Hedge Intercreditor Agreement.

**“Secured Parties”** means, collectively, the Administrative Agent, the Term Loan Collateral Agent, the Lenders, the Hedge Banks, the Cash Management Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Article VII, and the other Persons the Obligations owing to which are secured by the Collateral under the terms of the Term Loan Collateral Documents.

**“Secured Party Designation Notice”** means a notice from any Lender or an Affiliate of a Lender, substantially in the form of Exhibit E, (a) describing “a Secured Cash Management Agreement” or a “Secured Hedge Agreement” and setting forth the maximum amount to be secured by the Collateral and the methodology to be used in calculating such amount and (b) agreeing to be bound by Section 7.08.

**“Services Agreement”** is defined in Section 5.02(q).

**“Single Employer Plan”** means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of any Loan Party or any ERISA Affiliate and no Person other than the Loan Parties and the ERISA Affiliates or (b) was so maintained and in respect of which any Loan Party or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

**“Solvent”** and **“Solvency”** mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature (taking into account reasonably anticipated prepayments and refinancings) and (c) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

**“Specified Borrower Loan”** means the loan from GOM Operations to Holdings evidenced by the Specified Borrower Note.

**“Specified Borrower Note”** means that certain \$50,000,000 Promissory Note dated as of the Effective Date made by Holdings in favor of GOM Operations.

**“Specified Consents and Agreements”** means Consents and Agreements in respect of each of (a) the Enterprise Gas Gathering and Interconnect Agreement dated effective as of October 15, 2010, and (b) the Liquids Transportation Agreement, effective as of November 1, 2016, by and between DGE III, and Nautilus Pipeline Company, L.L.C.

**“Specified Parent Debt”** means that certain Promissory Note dated as of September 13, 2018, in the original face amount of \$607,943,548, with an outstanding principal balance as of the Effective Date of approximately \$327,000,000 (prior to giving effect to the Effective Date Parent Debt Repayment) made by Holdings in favor of Parent.

**“Specified Post Closing Properties”** means (a) if the [\*\*\*] Trade closes prior to the date that is ten (10) Business Days following the Effective Date, the Acquired Blocks and the Outgoing Blocks (each as defined in the definition of “[\*\*\*] Trade”), and (b) if the [\*\*\*] Trade does not close prior to the date that is ten (10) Business Days following the Effective Date, the Outgoing Blocks.

**“Strip Price”** means, as of any date, (a) for the 60-month period commencing with the month in which such date occurs, as quoted on the New York Mercantile Exchange (the “NYMEX”) and published in a nationally recognized publication for such pricing as selected by the Administrative Agent in its reasonable discretion (as such prices may be corrected or revised from time to time by the NYMEX in accordance with its rules and regulations), the corresponding monthly quoted futures contract price for months 0–60 and (b) for periods after such 60 month period, the average corresponding monthly quoted futures contract price for months 49–60; provided, however, in the event that the NYMEX no longer provides futures contract price quotes for 60 month periods, the longest period of quotes of less than 60 months shall be used to determine the strip period and held constant thereafter based on the average of contract prices for the last twelve months of such period, and, if the NYMEX no longer provides such futures contract quotes or has ceased to operate, the Administrative Agent shall designate another nationally recognized commodities exchange to replace the NYMEX for purposes of the references to the NYMEX herein which in the Administrative Agent’s opinion, in its reasonable discretion, is the most comparable exchange to the NYMEX at such time.

**“Subject Borrower”** has the meaning assigned to such term in Section 2.15(a).

**“Subsidiary”** of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate, in each case is at the time directly or indirectly owned or controlled by such Person or one or more of such Person’s other Subsidiaries. Unless otherwise specified herein, “Subsidiary” shall mean a Subsidiary of the Borrowers.

**“Subsidiary Guarantor”** means any Subsidiary of any Borrower that is required to guarantee the Obligations pursuant to Section 5.02(k), but in no event shall include the Excluded JV for so long as the Excluded JV is not wholly-owned by the Borrowers and their Subsidiaries.

**“Swap Obligation”** means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the



meaning of Section 1a(47) of the Commodity Exchange Act if, and to the extent that, all or a portion of any such obligation to pay or perform constitutes an Obligation hereunder or a Guaranteed Obligation under (and as defined in) the Term Loan Security Agreement.

**“Sweep Calculation Date”** means the last day of each of Fiscal Quarter, commencing with the Fiscal Quarter ending December 31, 2020.

**“Synthetic Debt”** means, with respect to any Person, without duplication of any clause within the definition of **“Debt”**, the principal amount of all (a) obligations of such Person under any lease that is treated as an operating lease for financial accounting purposes and a financing lease for tax purposes (i.e., a **“synthetic lease”**), (b) obligations of such Person in respect of transactions entered into by such Person, the proceeds from which would be reflected on the financial statements of such Person in accordance with GAAP as cash flows from financings at the time such transaction was entered into (other than as a result of the issuance of Equity Interests) and (c) obligations of such Person in respect of other transactions entered into by such Person that are not otherwise addressed in the definition of **“Debt”** or in clause (a) or (b) above that are intended to function primarily as a borrowing of funds (including, without limitation, any minority interest transactions that function primarily as a borrowing).

**“Taxes”** means all present and future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**“Term A Loans”** means any loan made by any Term Loan A Lender pursuant to this Agreement.

**“Term B Loans”** means any loan made by any Term Loan B Lender pursuant to this Agreement.

**“Term Loan A Borrowing”** means a borrowing consisting of simultaneous Term A Loans made by the Term Loan A Lenders on the Effective Date.

**“Term Loan A Commitment”** means, (a) with respect to any Term Loan A Lender at any time, the amount set forth opposite its name on Schedule I hereto under the caption **“Term Loan A Commitment”** or, (b) with respect to any Term Loan A Lender that has entered into one or more Assignment and Acceptances, the amount set forth for such Term Loan A Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(d) as such Term Loan A Lender’s **“Term Loan A Commitment”**, in each case, as such amount may be reduced at or prior to such time pursuant to Section 6.01. As of the Effective Date, the Term Loan A Commitment shall be \$150,000,000.

**“Term Loan A Facility”** means, at any time, the aggregate amount of the Term Loan A Lenders’ Term Loan A Commitments and Loans at such time.

**“Term Loan A Facility Use of Proceeds”** is as defined in the preliminary statements.

**“Term Loan A Lender”** means, at any time, a Lender that has a Term Loan A Commitment or is owed any outstanding Term A Loans at such time.

**“Term Loan A Note”** means a promissory note of the Borrowers payable to any Term Loan A Lender or its registered assigns, in substantially the form of Exhibit A-1 hereto, evidencing the indebtedness of the Borrowers to such Term Loan A Lender, as amended, restated, supplemented or otherwise modified from time to time.

**“Term Loan B Borrowing”** means a borrowing consisting of simultaneous Term B Loans made by the Term Loan B Lenders on the Effective Date.

**“Term Loan B Commitment”** means, (a) with respect to any Term Loan B Lender at any time, the amount set forth opposite its name on Schedule I hereto under the caption **“Term Loan B Commitment”** or, (b) with respect to any Term Loan B Lender that has entered into one or more Assignment and Acceptances, the amount set forth for such Term Loan B Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(d) as such Term Loan B Lender’s **“Term Loan B Commitment”**, in each case, as such amount may be reduced at or prior to such time pursuant to Section 6.01. As of the Effective Date, the Term Loan B Commitment is \$50,000,000.

**“Term Loan B Facility”** means, at any time, the aggregate amount of the Term Loan B Lenders’ Term Loan B Commitments and Loans at such time.

**“Term Loan B Facility Use of Proceeds”** is as defined in the preliminary statements.

**“Term Loan B Lender”** means, at any time, a Lender that has a Term Loan B Commitment or is owed any outstanding Term B Loans at such time.

**“Term Loan B Note”** means a promissory note of the Borrowers payable to any Term Loan B Lender or its registered assigns, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrowers to such Term Loan B Lender, as amended, restated, supplemented or otherwise modified from time to time.

**“Term Loan Collateral Agent”** has the meaning specified in the recital of parties to this Agreement.

**“Term Loan Collateral Documents”** means the Term Loan Security Agreement, the Mortgages, each Account Control Agreement, each Consent and Agreement, each of the collateral documents, instruments and agreements delivered hereunder, and each other agreement (including intellectual property security agreements) that creates or purports to create a Lien in favor of the Term Loan Collateral Agent for the benefit of the Secured Parties, in each case, as amended, restated, supplemented or otherwise modified from time to time.

**“Term Loan Security Agreement”** means that certain Term Loan Collateral and Guarantee Agreement, dated as of September 30, 2020, by the Borrowers and each Subsidiary

Guarantor in favor of the Term Loan Collateral Agent for the benefit of the Secured Parties, as amended, restated, supplemented or otherwise modified from time to time.

“**Total PDP PV-10**” means, as of each March 31, June 30, September 30 and December 31 of each Fiscal Year, commencing December 31, 2020, the net present value, discounted at ten percent (10%) per annum, of the future net cash flow expected to accrue to the Mortgaged Properties constituting Proved Developed Producing Reserves during the remaining expected economic lives of such Oil and Gas Properties. At any time Total PDP PV-10 shall be calculated based on the information in the then most recently prepared Reserve Report, as rolled forward by the Administrative Agent to the last day of the next calendar quarter immediately (example: the first Total PDP PV-10 prepared as of March 15th for application on March 31st, 2021, shall be rolled forward to June 30th, 2021) following such date of determination, and updated on a pro forma basis for:

(i) the roll-off of production since the date of the most recently delivered Reserve Report to the effective date;

(ii) Strip Price, as adjusted, by the Administrative Agent in its reasonable discretion for quality, gravity and location basis differentials based on historical realized differentials and go-forward expectations;

(iii) changes in forecasted gross or net production and ultimate recovery volumes of such Oil and Gas Properties, as determined by the Administrative Agent in its sole and absolute discretion;

(iv) any adjustments to the appropriate deductions shall be made for severance and ad valorem taxes, obligations and anticipated payments in respect of minimum volume commitments, capital expenditures and for operating, gathering, transportation and marketing costs required for the development, operation, production and sale of such Oil and Gas Properties, and plugging and abandonment (and other asset retirement obligations, including facilities not owned by the Borrowers and Subsidiary Guarantors or non-Mortgaged Properties, in each case net to the interests of the Loan Parties) or any other expenses in respect of such Oil and Gas Properties (including expenses incurred after the end of the expected economic lives of such Oil and Gas Properties) in respect of such Oil and Gas Properties;

(v) to reflect Hedge Agreements then in effect (other than Excluded Hedge Agreements) to the extent such Hedge Agreements constitute Collateral and are permitted by Section 5.02(1) so that the expected cash flows with respect to such Hedge Agreements (to the extent such Hedge Agreements constitute Collateral) are included in the determination of the net present value without duplication with the cash flows for the production subject to such Hedge Agreements (it being understood that deferred premiums in respect of such Hedge Agreements shall be deducted from such expected cash flows);

(vi) Asset Sales and acquisitions of Oil and Gas Properties containing Proved Developed Producing Reserves;

(vii) any change of any Proved Developed Producing Reserve as the most recent Reserve Report that cease to be Proved Developed Producing Reserves as of the date of determination;

(viii) any non-Proved Developed Producing Reserves as of the most recent Reserve Report, that become Proved Developed Producing Reserves provided any such additions have been reviewed by an Approved Independent Engineer (to be prepared at the Borrower's expense); and

(ix) any other changes in the Administrative Agent's reasonable discretion.

Notwithstanding anything to the contrary contained herein, in the event that either (x) both of the Specified Consents and Agreements are not executed and delivered to the Administrative Agent on or before the day that is 90 days following the Effective Date, or (y) any other Material Contract for which no Consent and Agreement is in place has anti-assignment provisions that are not addressed in a manner reasonably satisfactory to the Administrative Agent, then Total PDP PV-10 shall be reduced by the Administrative Agent in such manner as is reasonably determined by the Administrative Agent to reflect (A) a hypothetical calculation of Total PDP PV-10 as if the two contracts subject to the Specified Consents and Agreements and/or such other Material Contracts, as applicable, were terminated and/or did not exist or (B) such other reduction methodology as is reasonably determined by the Administrative Agent; provided, that, if as of any subsequent calculation, a reasonably acceptable Consent and Agreement is in place with respect to such Material Contract, no such reduction shall be made in such calculation with respect to such Material Contract.

“**Trade Date**” has the meaning specified in Section 8.07(j).

“**UCC**” means the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

“**UK Financial Institution**” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“**UK Resolution Authority**” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“**Voting Interests**” means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

**“Withdrawal Liability”** has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

**“Withholding Agent”** means the Loan Parties and the Administrative Agent.

**“Workers Compensation Account”** a deposit account exclusively used for workers’ compensation benefits.

**“Write-Down and Conversion Powers”** means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section a.. Computation of Time Periods

. In this Agreement and the other Loan Documents in the computation of periods of time from a specified date to a later specified date, the word “*from*” means “from and including” and the words “*to*” and “*until*” each mean “to but excluding.”

Section b.. Accounting Terms

(1) Generally. All accounting terms not specifically defined herein shall be construed in accordance with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements delivered to the Administrative Agent prior to the Effective Date, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Debt of the Parent and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(2) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower Representative or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders in their reasonable discretion); provided that, until so amended, (i) such

ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower Representative shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any provision contained herein or any other Loan Document, any lease (or similar arrangement) that would have been characterized, classified or reclassified as an operating lease in accordance with GAAP prior to the date of the Parent's adoption of ASC 842 (or any other ASC having a similar result or effect) (and related interpretations) (whether or not such lease was in effect on such date) shall not constitute an obligation under a Capital Lease, and any such lease shall be, for all purposes of this Agreement and the other Loan Documents, treated as though it were reflected on the Parent's consolidated financial statements in the same manner as an operating lease would have been reflected prior to the Parent's adoption of ASC 842.

(3) Consolidation of Variable Interest Entities. All references herein to consolidated financial statements of the Borrowers or the Parent and their Subsidiaries or to the determination of any amount for the Loan Parties and their Subsidiaries on a consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Loan Parties is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

#### Section c.. Other Definitional Provisions and Rules of Construction

(4) Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

(5) References to "Sections" and "subsections" shall be to Sections and subsections, respectively, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. Any references in this Agreement to "Articles" and/or "Sections" which make reference to any particular piece of legislation or statute, including without limitation, the Bankruptcy Code, ERISA and Internal Revenue Code shall, to the extent that the context implies a reference to any other similar or equivalent legislation as is in effect from time to time in any other applicable jurisdiction, mean the equivalent section in the applicable piece of legislation. Furthermore, where any such reference is meant to apply to such other similar or equivalent legislation where such other similar or equivalent legislation has parallel or like concepts, then such references shall import such parallel or like concepts from such other similar or equivalent legislation, as applicable.

(6) The use in any of the Loan Documents of the word "include" or "including" shall not be construed to be limiting whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto.

(7) Unless otherwise expressly provided herein or in the other Loan Documents, references in the Loan Documents to any agreement or contract shall be deemed to be a reference to such agreement or contract as amended, amended and restated, supplemented, replaced or otherwise modified from time to time in accordance with its terms and in compliance with the Loan Documents.

## Article II.

### AMOUNTS AND TERMS OF THE LOANS

#### Section d.. The Loans

(8) The Term A Loans. Each Term Loan A Lender severally agrees, on the terms and conditions hereinafter set forth, to make a single advance to the Borrowers on the Effective Date in an amount in Dollars not to exceed such Term Loan A Lender's Term Loan A Commitment at such time. The Borrowing shall consist of Term A Loans made simultaneously by the Term Loan A Lenders ratably according to their Term Loan A Commitments. Term A Loan amounts repaid or prepaid may not be reborrowed and, upon funding, the Term Loan A Commitments shall be terminated.

(9) Term B Loans. Each Borrower and each of their Subsidiaries hereby (i) represents and warrants to each Secured Party, and each other Loan Party, each Cash Management Bank and each Hedge Bank, and (ii) acknowledges and agrees, that (A) except for \$50,000,000, which amount so owing to the initial Term Loan B Lender by GOM Operations under the Prepayment Agreement shall be deemed to have been fully paid and discharged and otherwise satisfied by the initial Term Loan B Lender making the Term B Loan under the terms and conditions hereof (the "**Satisfaction and Advance**") as contemplated by this Section 2.01(b), no other obligations are due and owing by any party to (or any other Person in respect of) the Prepayment Agreement; and (B) as a result of the making of the Term B Loan contemplated by the next sentence, all conditions precedent to the payoff and termination of the Prepayment Agreement have been satisfied, and, accordingly, on and as of the Effective Date, (1) the Prepayment Agreement shall terminate and shall be of no further force and effect, with all obligations and commitments thereunder being fully paid and discharged and all parties thereto being fully released from their obligations and commitments thereunder; (2) all Liens securing the obligations of the parties under the Prepayment Agreement are hereby released on and as of the Effective Date and (3) the Term Loan B Lender's Term Loan B Commitment shall have been fully satisfied by making of such Term B Loan under the term and conditions hereof, the making of such Term B Loan constituting a Borrowing hereunder (the transactions contemplated by this sentence, collectively, are the "**Prepayment Agreement Termination Transactions**"). In connection with, and in consideration for, the Prepayment Agreement Termination Transactions, the Term Loan B Lender hereby makes the Term B Loan in the aggregate principal amount of \$50,000,000 to the Borrowers on the terms and conditions set forth in this Credit Agreement by converting the obligations (including the delivery obligations) owing to it by GOM Operations under the Prepayment Agreement into its Term B Loan. The Term Loan B Lender hereby

acknowledges and agrees that (i) upon the making of the Term B Loan pursuant to the immediately preceding sentence, no other obligations are due and owing by any party to (or to its knowledge any other Person in respect of) the Prepayment Agreement; (ii) as a result of the making of the Term B Loan contemplated by the preceding sentence, on and as of the Effective Date (A) the Prepayment Agreement shall terminate and shall be of no further force and effect, with all obligations and commitments thereunder being fully paid and discharged and all parties thereto being fully released from their obligations and commitments thereunder; (B) all Liens securing the obligations of the parties under the Prepayment Agreement are hereby released on and as of the Effective Date and (C) the Term Loan B Lender's Term Loan B Commitment shall have been fully satisfied by making of such Term B Loan under the term and conditions hereof, the making of such Term B Loan constituting a Borrowing hereunder. THE MAKING OF THE TERM B LOAN BY THE INITIAL TERM LOAN B LENDER ON ACCOUNT OF THE SATISFACTION AND ADVANCE IS BEING MADE SOLELY BY THE INITIAL TERM LOAN B LENDER (AND NOT ANY OTHER SECURED PARTY) AS AN ACCOMMODATION FOR GOM OPERATIONS AND ITS AFFILIATES, INCLUDING THE LOAN PARTIES. Term B Loan amounts repaid or prepaid may not be reborrowed and the Term Loan B Commitments shall be immediately terminated. GOM Operations shall immediately cause the filing of all UCC termination statements and mortgage releases requested by the Administrative Agent or the Term Loan Collateral Trustee in its sole discretion that were filed in connection with the Prepayment Agreement. Each Borrower and each of their Subsidiaries hereby represents, warrants and covenants that the Term B Loans made pursuant to the Prepayment Agreement Termination Transactions and the Term B Notes issued in connection therewith are the legal, valid and binding obligations of each Loan Party thereto, enforceable against such Loan Party in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section e.. Making the Loans

(1) The Term Loan A Borrowing consisting of Term A Loans advanced by the Term Loan A Lenders on the Effective Date shall be made following the issuance of a Notice of Borrowing, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the Effective Date, by the Borrower Representative to the Administrative Agent, which shall give to the Term Loan A Lenders prompt notice thereof by electronic communication. Each such Notice of Borrowing shall be by telephone, confirmed immediately in writing, or by electronic communication, in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Term Loan A Borrowing (which shall be the Effective Date), and (ii) aggregate amount of such Term Loan A Borrowing. Each Term Loan A Lender shall, before 11:00 A.M. (New York City time) on the date of such Term Loan A Borrowing, make available for the account of its Lending Office to the Administrative Agent at the Administrative Agent's Account, in same day funds, its Pro Rata Share of the amount of such Term Loan A Borrowing in accordance with its Term Loan A Commitment under the Term Loan A Facility. After the



Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Borrower Representative hereby directs the Administrative Agent to apply such funds as set forth in the Funds Flow Memorandum.

(2) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available (or be deemed to make available) to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with Sections 2.02(a) or 2.02(b), as applicable, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrowers on such date a corresponding amount. To the extent a Lender is funding cash at closing, if and to the extent that such Lender shall not have so made such ratable portion available to the Administrative Agent, such Lender and the Borrowers severally agree to repay or pay to the Administrative Agent forthwith on demand such corresponding amount and to pay interest thereon, for each day from the date such amount is made available to the Borrowers until the date such amount is repaid or paid to the Administrative Agent, at (i) in the case of the Borrowers, the interest rate applicable at such time under Section 2.05 to Loans comprising such Borrowing and (ii) in the case of such Lender, the Benchmark Rate. If such Lender shall pay to the Administrative Agent such corresponding amount, such amount so paid shall constitute such Lender's Loan as part of such Borrowing for all purposes.

(3) The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Loan to be made by such other Lender on the date of any Borrowing.

#### Section f.. Repayment of Loans

(4) Term A Loans. The Borrowers shall repay to the Administrative Agent for the ratable account of the Term Loan A Lenders on the Maturity Date the aggregate principal amount of the Term A Loans then outstanding, together with any accrued but unpaid interest thereon.

(5) Term B Loans. The Borrowers shall repay to the Administrative Agent for the ratable account of the Term Loan B Lenders on the Maturity Date the aggregate principal amount of the Term B Loans then outstanding, together with any accrued but unpaid interest thereon.

(6) Other Obligations. The Borrowers shall repay to the Administrative Agent for the account of the applicable Lenders or other Secured Parties on the Maturity Date all other Obligations then due and payable.

#### Section g.. Prepayments

(7) Optional. The Borrowers may, upon at least three (3) Business Days' notice to the Administrative Agent, prepay the outstanding aggregate principal amount of the Loans in whole or ratably in part (*provided* that such notice shall state the proposed date and aggregate principal amount of such prepayment), and if such notice is given the Borrowers shall, prepay the Loans in the amount specified therein, together with accrued interest to the date of such prepayment on the aggregate principal amount prepaid and, in the event that the Loans are repaid in full, the applicable Exit Fee (if any); *provided*, that each partial prepayment shall be in an aggregate principal amount of \$1,000,000 or an integral multiple of \$500,000 in excess thereof. Each such prepayment of the Loans shall be applied after payment of accrued and unpaid interest to the date of such prepayment on the principal amount prepaid, in inverse order of maturity.

(8) Mandatory.

i. Scheduled Amortization. On each Scheduled Amortization Payment Date, the Borrowers shall prepay (A) an aggregate principal amount of the Term A Loans in an amount equal to three and three quarters percent (3.75%) of the sum of the initial principal amount of the Term A Loans advanced on the Effective Date and (B) an aggregate principal amount of the Term B Loans in an amount equal to three and three quarters percent (3.75%) of the sum of the initial principal amount of the Term B Loans advanced on the Effective Date.

ii. Excess Cash Flow. On each Cash Flow Payment Date, subject to the terms of Section 2.04(c), the Borrowers shall prepay an aggregate principal amount of the Loans in an amount equal to the Excess Cash Flow Payment Amount calculated for the applicable Sweep Calculation Date. Each such prepayment of the Loans shall be applied ratably to the scheduled principal payments of the Loans in inverse order of maturity.

iii. Loss Proceeds. Within one (1) Business Day following the receipt by any Loan Party of any Net Cash Proceeds of a Casualty Event or an Event of Eminent Domain (excluding any Casualty Event or Event of Eminent Domain resulting in Net Cash Proceeds of less than \$1,000,000 for each Casualty Event or Event of Eminent Domain), subject to Section 2.04(b)(vi) below, the Borrowers shall prepay an aggregate principal amount of the Loans in an aggregate amount equal to the Net Cash Proceeds thereof. Each such prepayment of the Loans shall be applied ratably to the scheduled principal payments of the Loans in inverse order of maturity.

iv. Asset Sales. In order to consummate any Asset Sale pursuant to Section 5.02(e)(xi) (excluding in the case of clause (xi), Asset Sales of Oil and Gas Properties that (A) do not include any Proved Reserves and (B) result in Net Cash Proceeds (other than any reasonable and customary reimbursements of "sunk" costs expended by the Borrowers and their Subsidiaries in connection with any such unproven properties prior to the effective date of such Asset Sale, to the extent that evidence of such costs have been provided to the Administrative Agent) in an amount not to exceed \$10,000,000, in

each case, individually or in the aggregate when taken together with all such Asset Sales during the term of this Agreement) or Section 5.02(e)(xii), the Borrowers or their Subsidiaries shall cause the purchaser of any assets in connection with such Asset Sale (or the counterparty to such Hedge Agreement, as applicable) to direct all cash payments that would otherwise be payable to any Borrower or Subsidiary to be made to the Administrative Agent in accordance with instructions to be provided by the Administrative Agent in order to prepay an aggregate principal amount of the Loans in an aggregate amount equal to the Net Cash Proceeds thereof. Each such prepayment of the Loans shall be applied ratably to the scheduled principal payments of the Loans in inverse order of maturity.

v. Debt Proceeds.

a. Within one (1) Business Day following the issuance of any Debt (other than Debt permitted to be incurred pursuant to Section 5.02(b)), the Borrowers shall prepay an aggregate principal amount of the Loans in an aggregate amount equal to the Net Cash Proceeds thereof. Each such prepayment of the Loans shall be applied ratably to the scheduled principal payments of the Loans in inverse order of maturity.

b. Within one (1) Business Day following any increase in the aggregate principal amount of drawn loans under any Permitted Guaranteed Facilities following the Effective Date for which any Borrower or any Subsidiary of any Borrower provides a guarantee, but solely to the extent that, after giving effect to such increase, the aggregate principal amount of drawn loans under such Permitted Guaranteed Facilities exceeds \$[\*\*\*], the Borrowers shall prepay an aggregate principal amount of the Loans in an aggregate amount equal to the net cash proceeds received by Parent or any of its Subsidiaries in connection with any such increase of such drawn loans in excess of \$[\*\*\*]. Each such prepayment of the Loans shall be applied ratably to the scheduled principal payments of the Loans in inverse order of maturity.

vi. Reinvestment Rights. Upon the receipt of Net Cash Proceeds in respect of a Casualty Event or Event of Eminent Domain, so long as no Default or Event of Default shall have occurred and be continuing, the Borrowers shall have the option, directly or through one or more Subsidiaries, not to apply all or a portion of such Net Cash Proceeds to prepay the Loans in accordance with Section 2.04(b)(iii), but to invest such Net Cash Proceeds not so applied to prepay the Loans in the maintenance, replacement or repairs of any damaged Oil and Gas Properties or associated property (or, to the extent otherwise permitted hereunder, in the acquisition or development of Oil and Gas Properties) within 180 days of the occurrence of such Casualty Event or Event of Eminent Domain (provided that the execution of a binding contract for the investment of such Net Cash Proceeds in the acquisition or development of Oil and Gas Properties during such period shall be deemed to be an investment thereof so long as the amounts owed under such

binding contract are funded within 90 days after the date such contract is executed); *provided* that such Net Cash Proceeds shall (A) only be permitted to be so invested (and not, therefore, used to prepay the Loans) to the extent that the Borrower Representative shall have delivered written notice to the Administrative Agent at least three (3) Business Day prior to the date a prepayment of the Loans would otherwise be required with such Net Cash Proceeds, which notice shall include the amount of Net Cash Proceeds intended to be so invested and the intended use of proceeds therefor, in such detail and with such supporting information as is requested by the Administrative Agent in its sole and absolute discretion, and (B) be deposited into, or credited to, an account held at Beal Bank USA and subject to the Beal Fully Blocked DACA (provided, that, upon the delivery by the Borrowers to the Administrative Agent of receipts or other evidence satisfactory to the Administrative Agent that such amounts have been reinvested or applied as set forth herein, the Administrative Agent agrees to consent to the Borrowers' withdraw of such amounts from such deposit account). In the event any amount of such Net Cash Proceeds are not reinvested by Borrowers prior to the date that is the earlier of (i) the end of such 180-day (or 270-day, if applicable) period and (ii) the date of the occurrence of an Event of Default, the Borrowers shall promptly apply such Net Cash Proceeds to prepay the Loans in accordance with Section 2.04(b)(iii).

vii. The Borrower Representative shall notify the Administrative Agent in writing of any prepayment required pursuant to this Section 2.04(b) (other than Section 2.04(b)(i) or Section 2.04(b)(ii)) five (5) Business Days prior to the date of any required prepayment of the principal amount of Loans to be prepaid in connection therewith. All prepayments under this Section 2.04(b) shall be made together with accrued and unpaid interest to the date of such prepayment on the principal amount prepaid, together with all other Obligations then due and payable (including, if applicable, the Exit Fee). To the extent any prepayment is required under Section 2.04(b)(ii), the Borrower Representative shall notify the Administrative Agent thereof in the applicable Excess Cash and Distributable Cash Certificate delivered for such Fiscal Quarter pursuant to Section 5.03(j).

(9) Lender's Option to Decline Prepayment. Except as provided in the penultimate sentence of this Section 2.04(c), any Lender, at its option, may elect to accept or decline all or any portion of any prepayment of the Loans pursuant to clauses (ii) through (v) of Section 2.04(b). Promptly after the date of the Administrative Agent receives a notice in accordance with Section 2.04(b)(vii) (or Section 5.03(j), as applicable) with respect to a prepayment required pursuant to clauses (ii) through (v) of Section 2.04(b), the Administrative Agent shall provide written notice to the Lenders of the amount available to prepay the Loans. Any Lender that wishes to decline such prepayment (a "**Declining Lender**") shall give written notice thereof to the Administrative Agent by 11:00 a.m. New York City time no later than two (2) Business Days after the date of such notice from the Administrative Agent (the "**Initial Prepayment Acceptance Date**"); any Lender that does not give such notice during such period shall be deemed to have accepted such prepayment. On the Initial Prepayment Acceptance Date, the Administrative Agent shall then provide written notice (the "**Second Offer**") to the Lenders (other than any Declining Lender) (the "**Accepting Lenders**") of the additional amount available

(due to such Declining Lenders' declining such prepayment) to prepay the Loans owing to such Accepting Lenders. Any Lender declining prepayment pursuant to such Second Offer shall give written notice thereof to the Administrative Agent by 11:00 a.m. New York City time no later than one (1) Business Day after the date of such notice of a Second Offer; any Lender that does not give such notice during such period shall be deemed to have accepted such prepayment offer. Amounts allocated to Accepting Lenders in accordance with the Initial Prepayment Acceptance Date and the Second Offer shall be applied in accordance with Section 2.04(b). Notwithstanding the above, if Lenders owed or holding more than 50% of the aggregate principal amount of the Loans outstanding at such time accept or are deemed to have accepted all or any portion of any prepayment offer pursuant to this Section 2.04(c), then all Lenders shall be deemed to have accepted such prepayment offer to the same. In the event any such proceeds are declined (such proceeds, "**Declined Mandatory Prepayment Proceeds**"), such Declined Mandatory Prepayment Proceeds shall be permitted to be used by the Borrowers and their Subsidiaries in a manner permitted by the Loan Documents. As used herein, "**Declined Mandatory Excess Cash Prepayment Proceeds**" means any Declined Mandatory Prepayment Proceeds in respect of any prepayment that was required under Section 2.04(b)(ii). Notwithstanding anything to the contrary contained herein, solely with respect to the Cash Flow Payment Date in respect of the Fiscal Quarter ending December 31, 2020, (i) if, as of such Cash Flow Payment Date, the Borrowers would be required to prepay Loans pursuant to Section 2.04(b)(ii), the amount of such required prepayment shall be reduced by the lesser of (x) \$35,000,000 and (y) the total amount of such required prepayment prior to giving effect to such reduction, and (ii) any such reduction in the amount of such required prepayment shall be deemed not to be Declined Mandatory Excess Cash Prepayment Proceeds for all purposes hereunder.

Section h.. Interest

(10) Interest.

viii. Interest shall accrue on the unpaid principal amount of each Term A Loan and each Term B Loan owing to each Term Loan A Lender and Term Loan B Lender (as applicable) from the Effective Date until such principal amount shall be paid in full, at a rate *per annum* equal at all times to the sum of (A) the Benchmark Rate plus (B) the relevant Applicable Margin.

ix. Interest shall be payable in arrears on each Interest Payment Date.

(11) Default Interest. Upon the occurrence and during the continuance of an Event of Default, the Borrowers shall pay interest at a rate *per annum* equal at all times to two percent (2.00%) *per annum* above the rate *per annum* required to be paid pursuant to Section 2.05(a)(i) ("**Default Interest**") on:

x. the aggregate outstanding principal amount of each Loan, and

xi. to the fullest extent permitted by applicable law, the amount of any interest, fee or other amount payable under this Agreement or any other Loan Document to any Agent or any Lender that is not paid when due, from the date such amount shall be due until such amount shall be paid in full,

in each case, payable in Cash upon the earlier of (x) each Interest Payment Date following the occurrence and during the continuance of an Event of Default and (y) demand therefor. Payment or acceptance of the increased rates of interest provided for in this Section 2.05(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender. For the avoidance of doubt, the requirement of the Borrowers to pay Default Interest shall not constitute an exercise of remedies by any Agent or Lender.

Section i.. Fees

(12) Fees Payable to Agent. The Borrowers shall pay to the Agents the fees set forth in the Fee Letter.

(13) Exit Fee. Upon (x) repayment of the Term A Loans as a result of any Repayment Event, (y) any acceleration of the unpaid principal balance of the Term A Loans (whether by election or automatically) upon the occurrence of an Event of Default pursuant to Section 6.01, or (z) the Maturity Date (each, an “**Exit Fee Event**”), the Borrowers shall pay to the Administrative Agent, for the ratable benefit of the Term Loan A Lenders, an Exit Fee in an amount equal to the positive difference, if any, of (i) (A) if such Exit Fee Event occurs on or prior to December 31, 2021, [\*\*\*] percent ([\*\*\*]%) or (B) if such Exit Fee Event occurs after December 31, 2021, [\*\*\*] percent ([\*\*\*]%), in either case, of the aggregate principal amount of the Term A Loans funded on the Effective Date or any other time (including any Incremental Term Loans) minus (ii) the sum of (A) the amount of the Structuring Fee (as defined in the Fee Letter) paid pursuant to Section 2.06(a) and (B) an amount equal to the amount of interest paid on the Term A Loans comprised of the Applicable Margin through and including the date of such Exit Fee Event. EACH BORROWER AND GUARANTOR EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING EXIT FEE IN CONNECTION WITH ANY SUCH ACCELERATION. Each Borrower and Guarantor expressly agrees (to the fullest extent that it may lawfully do so) that: (A) the Exit Fee is reasonable and is the product of an arm’s length transaction between sophisticated business people, ably represented by counsel; (B) THE EXIT FEE DOES NOT CONSTITUTE, AND SHALL NOT BE DEEMED OR CONSIDERED TO BE, UNMATURED INTEREST ON ANY LOAN OR OTHER AMOUNT AND NO BORROWER OR GUARANTOR SHALL ARGUE UNDER ANY CIRCUMSTANCE THAT THE EXIT FEE CONSTITUTES UNMATURED INTEREST ON ANY LOAN; (C) the Exit Fee shall be payable notwithstanding the then prevailing market rates at the time payment is made; (D) there has been a course of conduct between the Lenders and the Borrowers and Guarantors giving specific consideration in this transaction for such agreement to pay the Exit

Fee; (E) each Borrower and Guarantor shall each be estopped hereafter from claiming differently than as agreed to in this paragraph; and (F) in view of the impracticability and extreme difficulty of ascertaining actual damages the parties mutually agree that the Exit Fee is a reasonable calculation of the Lenders' lost profits as a result of any such prepayments or acceleration.

Section j.. Increased Costs, Etc.

If, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender or the Administrative Agent of agreeing to make or of making, funding or maintaining Loans (excluding, for purposes of this Section 2.07, any such increased costs resulting from (x) Indemnified Taxes or Other Taxes (as to which Section 2.09 shall govern) and (y) changes in the basis or rate of taxation of overall net income by the jurisdiction under the laws of which such Lender or the Administrative Agent is organized or has its Lending Office or any political subdivision thereof), then the Borrowers shall from time to time, upon demand by such Lender (with a copy of such demand to the Administrative Agent) or the Administrative Agent, pay to the Administrative Agent for the account of such Lender or for its own account within 10 calendar days after receipt of an invoice from such Lender or the Administrative Agent additional amounts sufficient to compensate such Lender or the Administrative Agent for such increased cost. A certificate as to the amount of such increased cost, submitted to the Borrower Representative by such Lender or the Administrative Agent, shall be conclusive and binding for all purposes, absent manifest error.

(14) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to make Loans and other commitments of such type (or similar Guaranteed Debts), then, upon demand by such Lender or such corporation (with a copy of such demand to the Administrative Agent), the Borrowers shall pay to the Administrative Agent for the account of such Lender within 10 calendar days after receipt of an invoice from such Lender from such Lender, additional amounts sufficient to compensate such Lender in the light of such circumstances, to the extent that such Lender determines in its reasonable discretion such increase in capital to be allocable to the existence of such Lender's commitment to make Loans. A certificate as to such amounts submitted to the Borrower Representative by such Lender shall be conclusive and binding for all purposes, absent manifest error.

Section k.. Payments and Computations

(1) The Borrowers shall make each payment hereunder and under the other Loan Documents, irrespective of any right of counterclaim or set-off (except as otherwise provided in Section 2.10), not later than 4:00 P.M. (New York City time) on the day when due in

Cash in U.S. dollars to the Administrative Agent at the Administrative Agent's Account in same day funds, with payments being received by the Administrative Agent after such time being deemed to have been received on the next succeeding Business Day. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by the Borrowers is in respect of principal, interest, fees or any other Obligation then payable hereunder and under the other Loan Documents to more than one Lender, to such Lenders for the account of their respective Lending Offices ratably in accordance with the amounts of such respective Obligations then payable to such Lenders and (ii) if such payment by the Borrowers is in respect of any Obligation then payable hereunder to one Lender, to such Lender for the account of its Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date of such Assignment and Acceptance, the Administrative Agent shall make all payments hereunder and under the other Loan Documents in respect of the interest assigned thereby to the assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(2) Each Loan Party hereby authorizes each Lender and each of its Affiliates, if and to the extent any payment owed to such Lender is not made when due hereunder or under the other Loan Documents, to charge from time to time, to the fullest extent permitted by law, against any or all of such Loan Party's accounts with such Lender or such Affiliate any amount so due.

(3) All computations of interest shall be made by the Administrative Agent on the basis of a 360-day year (including the first day of determination, but excluding the last). Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(4) Whenever any payment hereunder or under the other Loan Documents shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be; *provided, however*, that, if such extension would cause payment of interest on or principal of Loans to be made in the next following calendar month, such payment shall be made on the preceding Business Day.

(5) Unless the Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to any Lender hereunder that the Borrowers will not make such payment in full, the Administrative Agent may assume that the Borrowers have made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each such Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrowers shall not have so made such payment in full to the Administrative Agent, each such Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount



is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Benchmark Rate.

(6) If the Administrative Agent receives funds for application to the Obligations of the Loan Parties under or in respect of the Loan Documents under circumstances for which the Loan Documents do not specify the Loans to which, or the manner in which, such funds are to be applied, the Administrative Agent may, if no instructions with respect thereto are received from the Lenders upon request, but shall not be obligated to, elect to distribute such funds to each of the Lenders in accordance with such Lenders' Pro Rata Share of the aggregate principal amount of all Loans outstanding at such time, in repayment or prepayment of such of the outstanding Loans or other Obligations then owing to such Lender, for application to such principal repayment installments thereof, as the Administrative Agent shall direct.

#### Section l.. Taxes

. Any and all payments by any Loan Party to or for the account of any Lender or any Agent hereunder or under any other Loan Document shall be made, in accordance with Section 2.08 or the applicable provisions of such other Loan Document, if any, free and clear of and without withholding or deduction for any and all Taxes, *excluding*, in the case of each Lender and each Agent, (x) Taxes that are imposed on its overall net income (and franchise Taxes imposed in lieu thereof) by the jurisdiction under the laws of which such Lender or such Agent, as the case may be, is organized (or any political subdivision thereof), has its Lending Office, has a permanent establishment or is engaged in business (other than a permanent establishment or business arising from such Lender or Agent having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document), (y) U.S. federal withholding Taxes imposed under law in effect on the date hereof or at the time the Lender designates a new Lending Office, other than any new Lending Office designated at the written request of a Loan Party (in the case of a Lender that is not an Initial Lender, this clause (y) shall include Taxes imposed under law in effect on the date such Lender becomes a Lender, except to the extent that the Lender's predecessor would have been entitled to receive additional amounts under this Section 2.09(a)) or (z) U.S. federal withholding Taxes imposed under FATCA (all such non-excluded Taxes in respect of payments hereunder or under any other Loan Document being hereinafter referred to as "**Indemnified Taxes**"). If any Withholding Agent shall be required by law to withhold or deduct any Indemnified Taxes from or in respect of any sum payable hereunder or under any other Loan Document to any Lender or any Agent, (i) the sum payable by such Loan Party shall be increased as may be necessary so that after such Withholding Agent has made all required withholdings and deductions (including withholdings and deductions applicable to additional sums payable under this Section 2.09) such Lender or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such withholdings or deductions been made, (ii) such Withholding Agent shall make all such withholding or deductions in accordance with applicable law and (iii) such Withholding Agent shall pay the full amount withheld or deducted to the relevant taxation authority or other authority in accordance with applicable law.

(1) In addition, each Loan Party shall timely pay to the relevant Governmental Authority in accordance with applicable law (or, at the option of the Administrative Agent in its sole and absolute discretion, timely reimburse it for the payment of) any present or future stamp, court, documentary, filing, excise, property, intangible, mortgage recording or similar Taxes that arise from any payment made by such Loan Party hereunder or under any other Loan Documents or from the execution, enforcement, delivery, performance or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or the other Loan Documents (hereinafter referred to as “**Other Taxes**”).

(2) The Loan Parties shall jointly and severally indemnify, within 10 days after demand therefor, each Lender and each Agent for and hold them harmless against the full amount of Indemnified Taxes and Other Taxes, and for the full amount of Taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this Section 2.09, imposed on or paid or payable by (or required to be withheld or deducted from a payment to) such Lender or such Agent (as the case may be) and any expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower Representative by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(3) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes and Other Taxes attributable to such Lender (but only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Indemnified Taxes or Other Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender’s failure to comply with the provisions of Section 8.07(f) relating to the maintenance of a Participant Register and (iii) any Taxes other than Indemnified Taxes and Other Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (d).

(4) Within 30 days after the date of any payment of Taxes by any Loan Party pursuant to this Section 2.09, the appropriate Loan Party shall furnish to the Administrative Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment, to the extent such a receipt is issued therefor, or other written proof of payment thereof that is satisfactory to the Administrative Agent in its sole and absolute discretion. In the case of any payment hereunder or under the other Loan Documents by or on behalf of a Loan Party through an account or branch outside the United States or by or on behalf

of a Loan Party by a payor that is not a United States person, if such Loan Party determines that no Indemnified Taxes are payable in respect thereof, such Loan Party shall furnish, or shall cause such payor to furnish, to the Administrative Agent, at such address, an opinion of counsel acceptable to the Administrative Agent in its sole and absolute discretion stating that such payment is exempt from Indemnified Taxes. For purposes of subsections (e) and (f) of this Section 2.09, the terms “**United States**” and “**United States person**” shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(5) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower Representative and the Administrative Agent, at the time or times reasonably requested by the Borrower Representative or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower Representative or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower Representative or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower Representative or the Administrative Agent as will enable the Borrower Representative or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (f)(i)(A), (i)(B) and (i)(D) of this Section) shall not be required if in the Lender’s judgment, in its sole and absolute discretion, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

xii. Without limiting the generality of the foregoing, in the event that any Borrower is a United States person,

c. any Lender that is a United States person shall deliver to the Borrower Representative and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

d. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Administrative Agent), whichever of the following is applicable:

i.in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

ii.executed copies of IRS Form W-8ECI;

iii.in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit H-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a “10 percent shareholder” of the Parent within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code, or a “controlled foreign corporation” related to the Parent as described in Section 881(c)(3)(C) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

iv.to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner;

e. any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower Representative or the Administrative Agent to determine the withholding or deduction required to be made; and

f. if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower Representative and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower Representative or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower Representative or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower Representative and the Administrative Agent in writing of its legal inability to do so.

(6) Any Lender claiming any additional amounts payable pursuant to this Section 2.09 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the judgment of such Lender, in its sole and absolute discretion, be otherwise disadvantageous to such Lender. The Borrowers hereby agree to pay all costs and expenses incurred by any Lender in connection with any change in the jurisdiction of its Lending Office.

(7) If a Lender determines, in such Lender's sole and absolute discretion, that it has received a refund in respect of any Indemnified Taxes or Other Taxes as to which it has been indemnified pursuant to Section 2.09(c), or with respect to which additional amounts have been paid pursuant to Section 2.09(a), such Lender shall pay to the Borrowers an amount equal to such refund (but such amount in no event to exceed the amount of any indemnity payments made, or additional amounts paid, by the Borrowers under this Section 2.09 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund) net of all out-of-pocket expenses (including Taxes) of such Lender, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrowers, upon the request of such Lender, shall agree to repay the amount paid over to the Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Lender in the event such Lender subsequently determines that such refund is unavailable under

applicable law or is otherwise required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the Lender be required to pay any amount to the Borrowers pursuant to this paragraph (h) the payment of which would place the Lender in a less favorable net after-Tax position than the Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require a Lender to rearrange its tax affairs or to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Borrower or any other Person.

(8) Each party's obligations under this Section 2.09 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section m.. Sharing of Payments, Etc.

If any Lender shall obtain at any time any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise, other than as a result of an assignment pursuant to Section 8.07), (a) on account of Obligations due and payable to such Lender hereunder and under the other Loan Documents in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) on account of Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time, such Lender shall forthwith purchase from the other Lenders such interests or participating interests in the Obligations as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; *provided, however*, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each other Lender shall be rescinded and such other Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (i) the purchase price paid to such Lender to (ii) the aggregate purchase price paid to all Lenders) of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such other Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Loan Parties agree that any Lender so purchasing an interest or participating interest from another Lender pursuant to this Section 2.10 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such interest

or participating interest, as the case may be, as fully as if such Lender were the direct creditor of the Loan Parties in the amount of such interest or participating interest, as the case may be. The initial Term Loan B Lender on the Effective Date hereby agrees it if it shall obtain at any time any payment in respect of any collateral that secured the Loan Parties' obligations under the Prepayment Agreement, such initial Term Loan B Lender shall forthwith purchase from the other Lenders such interests or participating interests in the Obligations as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them. The obligation of such initial Term Loan B Lender is personal to such initial Term Loan B Lender, may not be assigned by the initial Term Loan B Lender, and shall survive any assignment of Loans hereunder by such initial Term Loan B Lender. NOTWITHSTANDING ANYTHING IN THIS SECTION 2.10, SECTION 2.08 OR ANY OTHER PROVISION OF THE CREDIT AGREEMENT TO THE CONTRARY, THE TERM LOAN B LENDER HEREBY ACKNOWLEDGES AND AGREES WITH THE AGENTS AND THE OTHER LENDERS, THE CASH MANAGEMENT BANKS AND THE HEDGE BANKS THAT THE TERM LOAN B LENDER HEREBY ASSUMES ANY AND ALL RISK OF THE INEFFECTIVENESS OR UNENFORCEABILITY OF ITS TERM LOAN B LOAN RESULTING FROM, ARISING FROM OR OTHERWISE IN CONNECTION WITH THE PREPAYMENT AGREEMENT. IN THE EVENT THAT AS A RESULT OF THE INEFFECTIVENESS OR UNENFORCEABILITY OF ITS TERM LOAN B AS A RESULT OF THE PREPAYMENT AGREEMENT TERMINATION TRANSACTIONS (BUT NOT OTHERWISE) THE TERM B LOAN LENDER WILL RETURN ANY AMOUNT THAT IT RECEIVED PURSUANT TO THE SHARING OF PAYMENT OR SIMILAR PROVISIONS CONTAINED IN SECTIONS 2.10 AND 2.08 OF THE CREDIT AGREEMENT (AND ELSEWHERE IN THIS CREDIT AGREEMENT). THE BORROWERS HEREBY INDEMNIFY AND HOLD HARMLESS THE SECURED PARTIES FOR ALL LOSSES, COSTS AND EXPENSES INCURRED BY THEM AS A RESULT OF THE INEFFECTIVENESS OR UNENFORCEABILITY OF THE TERM LOAN B OR THE TERM LOAN B NOTE. ALL LOSSES INCURRED OR OTHERWISE SUFFERED BY TERM LOAN B LENDER, ITS AFFILIATES AND/OR ANY OF THEIR RESPECTIVE REPRESENTATIVES AS A RESULT OF, OR OTHERWISE IN CONNECTION WITH, THE PREPAYMENT AGREEMENT TERMINATION TRANSACTIONS, AS A RESULT OF THE UNENFORCEABILITY OR INVALIDITY OF THE TERM B LOAN RESULTING FROM, ARISING OUT OF OR IN CONNECTION WITH THE PREPAYMENT AGREEMENT TERMINATION TRANSACTIONS SHALL BE FOR THE ACCOUNT OF THE TERM B LOAN LENDER AND NOT ANY OTHER SECURED PARTY. EACH OF THE PARTIES HERETO HEREBY ACKNOWLEDGES AND AGREES THAT THE AGENTS AND THE TERM LOAN A LENDER HEREBY DISCLAIM ANY RESPONSIBILITY FOR, OR ANY LIABILITY OR OBLIGATION RESULTING FROM, ARISING OUT OF OR IN CONNECTION WITH THE MAKING OF THE TERM B LOAN OR THE PREPAYMENT AGREEMENT TERMINATION TRANSACTIONS. EACH LOAN PARTY PARTY HERETO HEREBY COVENANTS AND AGREES THAT IT SHALL NOT ASSERT OR OTHERWISE CLAIM (OR THREATEN TO ASSERT OR OTHERWISE CLAIM (A) THAT THE TERM A LOAN IS UNENFORCEABLE OR OTHERWISE NOT VALID AS A RESULT OF ANY ACTUAL, ASSERTED OR ALLEGED UNENFORCEABILITY OR INVALIDITY OF THE TERM B LOAN AS A RESULT OF, OR OTHERWISE IN CONNECTION WITH, THE

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 59 of 146

PREPAYMENT AGREEMENT TERMINATION TRANSACTIONS OR (B) THAT THE TERM B LOAN IS UNENFORCEABLE OR OTHERWISE NOT VALID.

Section n.. Use of Proceeds

. The proceeds of the Loans shall be available (and the Borrowers agree that they shall borrow such proceeds), on the Effective Date, to be used (a) in the case of Term A Loans, in accordance with the Term Loan A Facility Use of Proceeds and (b) in the case of Term B Loans, in accordance with the Term Loan B Facility Use of Proceeds.

Section o.. Evidence of Debt

. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan owing to such Lender from time to time, including the amounts of principal and stated interest payable and paid to such Lender from time to time hereunder. The Borrowers agree that upon request by any Lender to the Borrower Representative (and notice to the Administrative Agent of such request), the Borrowers shall promptly execute and deliver to such Lender, with a copy to the Administrative Agent, a Term Loan A Note or Term Loan B Note, as applicable, in substantially the form of Exhibits A-1 and A-2 hereto, as applicable, payable to such Lender or its registered assigns in a principal amount equal to the Loans of such Lender. All references to the Notes in the Loan Documents mean the Notes, if any, to the extent issued hereunder.

(9) The Register maintained by the Administrative Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent from the Borrowers hereunder and each Lender's share thereof.

(10) Entries made in good faith by the Administrative Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be *prima facie* evidence of the amount of principal and stated interest due and payable or to become due and payable from the Borrowers to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; *provided, however*, that the failure of the Administrative Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrowers under this Agreement.

Section p.. Duty to Mitigate

. In the event that any Lender demands payment of costs or additional amounts pursuant to Sections 2.07 or 2.09, the Borrower Representative may, upon twenty (20) days' prior written notice to such Lender and the Administrative Agent, elect to cause such Lender to assign its



Loans and Commitments in full to one or more Persons selected by the Borrower Representative so long as (i) each such Person satisfies the criteria of an Eligible Assignee and is satisfactory to the Administrative Agent in its sole and absolute discretion, (ii) such Lender receives payment in full in Cash of the outstanding principal amount of all Loans made by it and all accrued and unpaid interest thereon and all other amounts due and payable to such Lender as of the date of such assignment (including, without limitation, amounts owing pursuant to Sections 2.07, 2.09 and 8.04), (iii) each such assignee agrees to accept such assignment and to assume all obligations of such Lender hereunder in accordance with Section 8.07 and (iv) in the case of any such assignment resulting from a claim for compensation under Section 2.07 or payments required to be made pursuant to Section 2.09, such assignment will result in a reduction in such compensation or payments thereafter.

Section a.. Incremental Facility.

(11) Subject to the conditions set forth in Section 2.14(b), the Borrower Representative may, from time to time request additional commitments with respect to one or more incremental term loan facilities hereunder (any such commitment, an ***“Incremental Term Loan Commitment”***; and each term loan funded thereunder, an ***“Incremental Term Loan”***) by either or both (as determined by the Borrower Representative) requesting an additional commitment of one or more Lenders (an ***“Increasing Lender”***) or by causing one or more Persons that at such time is not a Lender to become a Lender (an ***“Additional Lender”***).

(12) Any Incremental Term Loan Commitment shall be subject to the following additional conditions:

xiii.each such Incremental Term Loan Commitment shall not be less than \$5,000,000 (and increments of \$1,000,000 above that minimum) unless the Administrative Agent otherwise consents, and no such increase shall be permitted if after giving effect thereto the aggregate principal amount of all Incremental Term Loans would exceed \$100,000,000;

xiv.no Event of Default shall have occurred and be continuing after giving effect to such Incremental Term Loan;

xv.no Lender shall be required to provide an Incremental Term Loan Commitment without the consent of such Lender;

xvi.no Incremental Term Loan Commitments may be made by any Lender without the consent of (A) if the Administrative Agent is an Affiliate of the initial Term Loan A Lender, the Administrative Agent or (B) if the Administrative Agent is not an Affiliate of the initial Term Loan A Lender, the Required Lenders, in each case, in its (or their) sole and absolute discretion;

xvii.the maturity date of any such Incremental Term Loan shall be the same as the Maturity Date;

xviii.the increase shall be on the exact same terms and pursuant to the exact same documentation applicable to this Agreement (other than with respect to any arrangement, structuring, upfront or other fees or discounts payable in connection with such Incremental Term Loan Commitment); and

xix.all Incremental Term Loans shall be Term A Loans for all purposes hereunder.

(13) Each Increasing Lender or Additional Lender shall execute and deliver to the Borrower Representative and the Administrative Agent customary documentation (any such documentation, an “**Incremental Agreement**”) implementing any Incremental Term Loan Commitment. Upon receipt by the Administrative Agent of one or more executed Incremental Agreements from any Increasing Lender or Additional Lender as provided in this Section 2.14, (i) the Incremental Term Loan Commitment shall become effective on the effective date set forth in such Incremental Agreements in the amount indicated in such Incremental Agreements without further action by the Borrowers, the Administrative Agent or any Lender, (ii) Schedule I and the Register shall each be amended to add such Incremental Term Loan Commitment, and the Pro Rata Shares of the Lenders shall be adjusted accordingly to reflect the Incremental Term Loan Commitment, (iii) the Administrative Agent shall distribute to the Borrower Representative, the Administrative Agent and each Lender the revised Schedule I, and (iv) any such Additional Lender shall be deemed to be a party in all respects to this Agreement and any other Loan Documents to which the Lenders are a party.

Section b.. The Borrowers as Co-Borrowers.

(1) All Obligations of the Borrowers under this Agreement and the other Loan Documents shall be joint and several Obligations of each Borrower. Each Borrower (i) agrees to fully and promptly perform all of its obligations hereunder with respect to each advance of credit hereunder as if such advance had been made directly to it; and (ii) agrees as a primary obligation to indemnify the Administrative Agent and each Lender, on demand, for and against any loss incurred by the Administrative Agent or any Lender as a result of any of the obligations of any Borrower (the “**Subject Borrower**”) under the Loan Documents being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to the Subject Borrower or any other Person, the amount of such loss being the amount which the Administrative Agent or the Lenders (or any of them) would otherwise have been entitled to recover from the Borrowers.

(2) It is the intent of each Borrower that the indebtedness, obligations and liabilities hereunder of no one of them be subject to challenge on any basis related to any federal or state law dealing with fraudulent conveyances or any other law related to transfers for less than fair or reasonably equivalent value. Accordingly, as of the date hereof and after giving effect to the other provisions of this subsection, the liability of each Borrower under this Section 2.15 together with all of its other liabilities to all Persons as of the date hereof and as of any other date on which a transfer is deemed to occur by virtue of this Agreement, calculated in amounts sufficient to pay its probable net liabilities on its existing indebtedness as the same become absolute and matured (“**Dated Liabilities**”), is and is to be less than the amount of the aggregate

of a fair valuation of its Property as of such corresponding date (“**Dated Assets**”). To this end, each Borrower under this Section 2.15(b): (i) grants to and recognizes in the other Borrowers rights of subrogation and contribution in the amount, if any, by which the Dated Assets of such Borrower, but for the aggregate of subrogation and contribution in its favor recognized herein, would exceed the Dated Liabilities of such Borrower and (ii) acknowledges receipt of and recognizes its right to subrogation and contribution ratably from the other Borrowers in the amount, if any, by which the Dated Liabilities of such Borrower, but for the aggregate of subrogation and contribution in its favor recognized herein, would exceed the Dated Assets of such Borrower under this Section 2.15(b). In recognizing the value of the Dated Assets and the Dated Liabilities, it is understood that each Borrower will recognize, to at least the same extent of their aggregate recognition of liabilities hereunder, their rights to subrogation and contribution hereunder. It is a material objective of this Section 2.15 that each Borrower recognizes rights to subrogation and contribution rather than be deemed to be insolvent (or in contemplation thereof) by reason of an arbitrary interpretation of its joint and several obligations hereunder.

(3) Representative of the Borrowers. Each Borrower hereby appoints GOM Operations as Borrower Representative for the purpose of making any Notice of Borrowing or request required under this Agreement, the giving and receipt of notices by and to the Borrowers under this Agreement, the delivery of all documents, reports, financial statements and written materials required to be delivered by the Borrowers or any Borrower under this Agreement, and (iv) all other purposes incidental to any of the foregoing. Each Borrower agrees that any action taken by GOM Operations as Borrower Representative shall be binding upon such Borrower to the same extent as if directly taken by such Borrower.

(4) Allocation of Loans. All Loans shall be made to the Loan Proceeds Account of GOM Operations.

(5) Obligations Absolute. Each Borrower hereby waives, for the benefit of the Lenders: any right to require any Lender, as a condition of payment or performance by such Borrower, to proceed against any other Borrower, any guarantor (including any other Guarantor) of the Guaranteed Obligations or any other Person, proceed against or exhaust any security held from any other Borrower, any guarantor or any other Person, proceed against or have resort to any balance of any Deposit Account, Securities Account, or any other credit on the books of any Lender in favor of any other Borrower or any other Person, or pursue any other remedy in the power of any Lender whatsoever; any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any other Borrower or any Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of any other Borrower or any Guarantor from any cause other than Payment in Full of all Obligations; any defense based upon any statute or rule of law that provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; any defense based upon any Lender’s errors or omissions in the administration of the Obligations, except behavior that amounts to willful misconduct as determined by a non-appealable judgment of a court of competent jurisdiction; any principles or provisions of law, statutory or otherwise, that are or might be in conflict with the terms hereof and any legal or

equitable discharge of such Borrower's obligations hereunder, the benefit of any statute of limitations affecting such Borrower's liability hereunder or the enforcement hereof, any rights to set offs, recoupments and counterclaims, and promptness, diligence and any requirement that any Lender protect, secure, perfect or insure any security interest or lien or any property subject thereto; notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder or under any Secured Hedge Agreements or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Obligations or any agreement related thereto, notices of any extension of credit to the Borrowers and notices of any amendments to the Loan Documents and any right to consent to any thereof; and any defenses or benefits that may be derived from or afforded by law that limit the liability of or exonerate guarantors or sureties, or that may conflict with the terms hereof.

### **Article III.**

#### **CONDITIONS TO EFFECTIVENESS OF LENDING**

##### Section c.. Conditions Precedent

. Section 2.01 of this Agreement shall become effective on and as of the first date (the "**Effective Date**") on which the Administrative Agent determines in its sole and absolute discretion that the following conditions precedent have been satisfied (and the obligation of any Lender to make a Loan hereunder is subject to the satisfaction of such conditions precedent before or concurrently with the Effective Date):

(6) The Administrative Agent shall have received on or before the Effective Date the following, each dated such day (unless otherwise specified) and in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion:

xx.This Agreement and the Fee Letter, duly executed and delivered by the parties hereto.

xxi.The Notes (to the extent requested by an Initial Lender), duly executed and delivered by the Borrowers and payable to each of the applicable Initial Lenders or its registered assigns.

xxii.The Term Loan Security Agreement, duly executed by each Borrower and Subsidiary Guarantor, the Parent Guarantee Agreement, duly executed by Parent, the Contingent Parent Guarantee Agreement, duly executed by each Intermediate Parent Entity, together with:

g. confirmation satisfactory to the Administrative Agent in its sole and absolute discretion that (1) certificates representing the Initial Pledged Equity referred to in the Term Loan Security Agreement (which such Initial Pledged Equity shall constitute "securities" governed by Article 8 of the UCC), in each case accompanied by undated membership

interest powers or partnership interest powers, as applicable, executed in blank, and (2) instruments evidencing the Initial Pledged Debt referred to in the Term Loan Security Agreement (including the Specified Borrower Note), indorsed in blank, in each case, have been delivered to the Term Loan Collateral Agent;

h. appropriately completed financing statements in form appropriate for filing under the UCC in the appropriate jurisdiction and each other jurisdiction the Term Loan Collateral Agent may request, covering the Collateral described in the Term Loan Security Agreement (and the Borrowers and their Subsidiaries hereby ratify the authorizations they provided to the Term Loan Collateral Agent to file any such financing statements prior to the Effective Date);

i. completed requests for information, UCC search results and other similar search reports, dated on or before the Effective Date, listing all effective financing statements filed in the jurisdictions where such Persons are incorporated or in which the Collateral is located that name any Borrower or Subsidiary Guarantor, as debtor, together with copies of such other financing statements;

j. for each Borrower and Subsidiary Guarantor (1) a schedule setting forth each deposit and/or securities accounts or commodity accounts of each such Person and setting forth the financial institution with which such account is maintained, the account number and the account balance (as of the Effective Date) for each such account, (2) a certificate from the Responsible Officer of the Borrower Representative certifying as to the accuracy of the information set forth in such schedule, and (3) received Account Control Agreements with respect to all deposit accounts, security accounts and commodity accounts (other than any Excluded Accounts) duly executed by the applicable Loan Party and the institution at which the applicable account is maintained; and

k. evidence that all other actions that the Administrative Agent and the Term Loan Collateral Agent may deem necessary in their sole and absolute discretion in order to perfect and protect the first priority Liens in all Collateral (except that Permitted Liens may exist) created under the Term Loan Security Agreement has been taken.

xxiii. Mortgages, duly executed by the Borrowers and/or a Subsidiary Guarantor, as applicable, and such other Term Loan Collateral Documents as requested by the Term Loan Collateral Agent such that the Term Loan Collateral Agent is satisfied in its sole and absolute discretion that such Mortgages and Term Loan Collateral Document will (upon filing or recording in the appropriate jurisdictions) create and perfect the first priority Lien in all of the Oil and Gas Properties owned by the Borrowers and the Subsidiary Guarantors as of the Effective Date (other than the Specified Post

Closing Properties and the properties referred to by the Borrowers as the Don Larsen properties);

xxiv.subject to Section 5.01(p)(ii), the Administrative Agent shall have received title reports, title opinions (including bring-downs of all title opinions received by the Borrowers in connection with the Prepayment Agreement) and other evidence of title as requested and in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion setting forth the status of title to the Oil and Gas Properties evaluated in the Initial Reserve Report;

xxv.true and complete copies of each Material Contract in existence on the Effective Date and listed on Schedule 4.01(s);

xxvi.certified copies of the resolutions of the board of directors of the Parent and authorizations of the sole member or general partner, as applicable, of each other Loan Party, approving the Loan Documents to which it is or is to be a party and the transactions contemplated thereby, and of all documents evidencing other necessary organizational action and governmental and other third party approvals and consents, if any, with respect to the Loan Documents to which it is or is to be a party and the transactions contemplated thereby;

xxvii.(A) a copy of a certificate of the relevant Governmental Authority of the jurisdiction of organization of each Loan Party, dated reasonably near the Effective Date certifying as to a true and correct copy of the certificate of formation or other constituent documentation, as the case may be, of such Loan Party, and each amendment thereto on file in such Governmental Authority's office and (B) a copy of a certificate of the relevant Governmental Authority of the jurisdiction of organization of each Loan Party, dated reasonably near the Effective Date and from each other jurisdiction where such Loan Party owns Oil and Gas Properties or is otherwise required to be registered to do business, a certificate of good standing or existence (in long form, where available) with respect to each Loan Party;

xxviii.a certificate of each Loan Party signed on behalf of such Person by a Responsible Officer, dated the Effective Date (the statements made in which certificate shall be true on and as of the Effective Date), certifying as to (A) the absence of any amendments to the certificate of formation or other constituent documentation, as the case may be, of such Person since the date of the relevant Governmental Authority's certificate referred to in Section 3.01(a)(viii), (B) a true and correct copy of the bylaws, limited liability company agreement or other governing agreement, as the case may be, of such Person as in effect on the date on which the resolutions referred to in Section 3.01(a)(vii) were adopted and on the Effective Date (which such agreement shall include customary provisions opting into Article 8 of the UCC), (C) the due formation and good standing or valid existence of such Person as a corporation, limited liability company or limited partnership, as the case may be, organized under the laws of the jurisdiction of its formation, and the absence of any proceeding for the dissolution or liquidation of such Person, (D) the name and true signature of each Responsible Officer of such Loan Party

authorized to sign each Loan Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder, and (E) certifying as to the matters set forth in Section 3.02(a) and (b);

xxix.a certificate in substantially the form of Exhibit D, attesting to the Solvency of Parent and its Subsidiaries and of each of the Borrowers and their respective Subsidiaries (if any), each on a Consolidated basis after giving effect to the Loan Documents and the transactions contemplated thereby, from Parent's and each Borrower's chief financial officer (or, if any such Person does not have a chief financial officer, from an officer of such Person who performs the duties customarily performed by a chief financial officer);

xxx.a certified copy of the operating and Capital Expenditure budget for the Borrowers and their Subsidiaries for the twelve (12) month period beginning on the Effective Date (the "**Initial Operating Budget**");

xxxi.copies of all certificates representing the policies, endorsements and other documents required under Section 5.01(d) to be in effect as of the Effective Date, accompanied by (A) a certificate of the Borrower Representative signed by a Responsible Officer of the Borrower Representative certifying that the copies of each of the policies, endorsements and other documents delivered pursuant to this Section 3.01(a)(xii) are true, correct and complete copies thereof, (B) letters from the Borrowers' insurance brokers or insurers, dated not earlier than fifteen (15) days prior to the Effective Date, stating with respect to each such insurance policy that (1) such policy is in full force and effect, and (2) all premiums theretofore due and payable thereon have been paid, and (C) evidence in form and substance satisfactory to the Lenders in their sole and absolute discretion confirming that such required insurance is in full force and effect in accordance with the terms of this Agreement; and

xxxii.an opinion of one or more counsel (including local counsel and counsel qualified to give legal opinions with respect to BOEM and BSEE matters) for the Loan Parties, in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion (including, without limitation, with respect to the enforceability of this Agreement, non-contravention with other Debt and validity and enforceability of the creation and perfection of Liens in the Collateral).

(7) The Administrative Agent shall be satisfied, in its sole and absolute discretion, that the Prepayment Agreement has been (or is contemporaneously being (including after giving effect to Section 2.01(b))) terminated and all obligations owing by any Loan Party thereunder will be prepaid, redeemed or defeased in full or otherwise satisfied and extinguished, including all interest, fees and other amounts accrued and unpaid in accordance with the payoff and related payoff letter (which payoff letter shall be satisfactory to the Administrative Agent in its sole and absolute discretion and which shall, in any event, include further assurance provisions requiring the holder of any Liens in respect of the Prepayment Agreement to release any mortgages or financing statements that may exist in respect of the Prepayment Agreement after the Effective Date), and all commitments relating thereto are (or are contemporaneously

being) terminated and that all security interests and guarantees in respect of the obligations under the Prepayment Agreement have been (or will contemporaneously be) terminated and released to the satisfaction of the Administrative Agent in its sole and absolute discretion.

(8) Before giving effect to the Loan Documents and the transactions contemplated thereby, there shall have occurred (x) no Material Adverse Change or (y) no economic, legal or political developments, or developments in the monetary capital markets, in each case, having a Material Adverse Effect upon any Lender prior to the occurrence of the Effective Date, in the case of each of clauses (x) and (y), since June 30, 2020.

(9) There shall exist no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of its Subsidiaries pending or threatened in writing before any Governmental Authority that (i) could reasonably be expected to have a Material Adverse Effect or materially impair or interfere with the business operations of any Loan Party or (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the transactions contemplated hereby.

(10) Except for any Governmental Authorizations required in connection with the Lenders' exercise of remedies under the Loan Documents, (i) all Governmental Authorizations and (ii) all third party consents and approvals relating to any material portion of the Collateral, any material part of the Borrowers' and their Subsidiaries business and all Material Contracts, in each case, necessary in connection with the Loan Documents and the transactions contemplated thereby shall have been obtained and shall remain in effect.

(11) The Borrowers shall have paid (or shall be contemporaneously paying from the proceeds of the Loans) all accrued fees of the Agents and the Lenders, and all accrued expenses of the Agents (including all documented accrued fees and expenses of counsel to the Administrative Agent) and other compensation contemplated in connection with this Agreement and the Fee Letter, payable to the Administrative Agent and the Lenders in respect of the transactions contemplated by this Agreement.

(12) The Administrative Agent shall have received the Initial Reserve Report accompanied by a certificate covering the matters described in Section 5.01(m)(vi) (which certificate shall also certify that, except as disclosed by the Borrower Representative to the Administrative Agent in such certificate no Oil and Gas Properties set forth in such Initial Reserve Report have been disposed of since the "as of" date thereof).

(13) The Administrative Agent shall have received (A) a report of the Insurance Consultant in respect of the Oil and Gas Properties and the other property of the Loan Parties, (B) a report (including a Phase One report) of the Environmental Consultant, in respect of the Oil and Gas Properties and the other property of the Loan Parties, (C) a report of the Decommissioning Consultant, in respect of the Decommissioning Activity obligations of the Borrowers and their Subsidiaries in respect of their Oil and Gas Properties and (D) a legal due diligence report of Vinson & Elkins L.L.P., in each case satisfactory to the Lenders in their sole and absolute discretion and upon which the Administrative Agent, the Term Loan Collateral Agent and each Lender shall be entitled to rely (in the case of clauses (A) and (B), together with



a certificate from the Insurance Consultant, the Environmental Consultant (as applicable) and Decommissioning Consultant) and in each case in form and substance satisfactory to the Required Lenders in their sole and absolute discretion.

(14) The Administrative Agent shall have received Consolidated financial statements of the Borrowers and their Subsidiaries for the six-month period of Fiscal Year 2020 ended on June 30, 2020;

(15) (i) The Administrative Agent shall have received, at least five (5) days prior to the Effective Date, all documentation and other information regarding the Loan Parties requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, to the extent requested in writing of the Borrower Representative at least ten (10) days prior to the Effective Date, and (ii) to the extent any Loan Party qualifies as a “legal entity customer” under the Beneficial Ownership Regulation, at least five (5) days prior to the Effective Date, any Lender that has requested, in a written notice to the Borrower Representative at least ten (10) days prior to the Effective Date, a Beneficial Ownership Certification in relation to Loan Parties shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Agreement, the condition set forth in this clause (ii) shall be deemed to be satisfied).

(16) Each of the Initial Lenders shall have received approval of their respective credit committees to enter into this Agreement and provide Loans and Commitments hereunder.

(17) The Administrative Agent shall have received such other statements, certificates, documents, approvals and legal opinions as such Person shall request in its sole and absolute discretion.

#### Section d.. Conditions Precedent to Each Borrowing

. The obligation of each Lender to make a Loan on the occasion of each Borrowing (including the initial Borrowing) shall be subject to the conditions precedent that on the date of such Borrowing the following statements shall be true and the Administrative Agent shall have received for the account of such Lender a certificate signed by a Responsible Officer of the Borrower Representative, dated the date of such Borrowing, stating that (and each of the giving of the applicable Notice of Borrowing (the timely receipt of which by the Administrative Agent shall also be a condition precedent to each Borrowing) and the acceptance by the Borrowers of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrowers that both on the date of such notice and on the date of such Borrowing such statements are true):

(18) the representations and warranties contained in each Loan Document are true and correct in all material respects on and as of such date, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); *provided*, that if a representation and warranty is qualified as to

materiality, with respect to such representation and warranty, the materiality qualifier set forth in this clause (a) shall be disregarded; and

(19) no Default or Event of Default has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom.

#### **Article IV.**

### **REPRESENTATIONS AND WARRANTIES**

#### Section e.. Representations and Warranties

. Each Loan Party represents and warrants as follows:

(20) Organization. It (i) is a corporation, limited liability company or limited partnership, as applicable, duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) is duly qualified and in good standing as a corporation, limited liability company or limited partnership, as applicable, in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed and (iii) has all requisite corporate, limited liability company or partnership (as applicable) power and authority (including, without limitation, all Governmental Authorizations) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted.

(21) Entity Names and Principal Places of Business. Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Loan Parties, all Subsidiaries of GOM Holdings, and all Intermediate Parent Entities, showing the exact legal name of each such Person, the jurisdiction of its formation, the address of its principal place of business, its U.S. taxpayer identification number and its status as a Loan Party. The copy of the charter, certificate of formation or certificate of limited partnership, as applicable, of each Loan Party and each amendment thereto provided pursuant to Section 3.01(a)(viii) is a true, correct and complete copy of each such document, each of which is valid and in full force and effect.

(22) Capital Structure. Set forth on Schedule 4.01(c) hereto is a complete and accurate list of all Subsidiaries of GOM Holdings and all Intermediate Parent Entities, showing as of the date hereof (as to each such Subsidiary), the number of shares, membership interests or limited partnership interests (as applicable) of each class of its Equity Interests authorized, and the number outstanding, on the date hereof and the percentage of each such class of its Equity Interests owned (directly or indirectly) by such Loan Party and the number of shares, membership interests or limited partnership interests (as applicable) covered by all outstanding options, warrants, rights of conversion or purchase and similar rights at the date hereof. All of the outstanding Equity Interests in each Subsidiary of GOM Holdings have been validly issued, are certificated, are fully paid and non-assessable and are owned by such Loan Party or one or more of its Subsidiaries free and clear of all Liens, except those created under the Term Loan Collateral Documents or Excepted Liens. After giving effect to the transactions contemplated

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 70 of 146

hereby on the Effective Date, there is no intercompany debt between or among Parent and any other Loan Party except for the Specified Parent Debt and the Specified Borrower Loan.

(23) Authorization; Non-Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which it is or is to be a party, and the consummation of the transactions contemplated thereby, are within such Loan Party's corporate, limited liability company or limited partnership (as applicable) powers, have been duly authorized by all necessary corporate, limited liability company or limited partnership (as applicable) action, and do not (i) contravene such Loan Party's bylaws, limited liability company agreement, limited partnership agreement or other constituent documents, (ii) violate in any material respect any law, rule, regulation (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award applicable to or binding on it, (iii) conflict with or result in the breach of, or constitute a default or require any payment to be made under, a Contractual Obligation of any Loan Party in any material respect or (iv) except for the Liens created under the Term Loan Collateral Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the Properties of any Loan Party.

(24) Licenses, Consents and Approvals. No Governmental Authorization, and no notice to, filing with, or consent or approval of any other third party is required for (A) the due execution, delivery, recordation, filing or performance by any Loan Party of any Loan Document to which it is or is to be a party, or for the consummation of the transactions contemplated thereby, (B) the grant by any Loan Party of the Liens granted by it pursuant to the Term Loan Collateral Documents, (C) the perfection or maintenance of the Liens created under the Term Loan Collateral Documents (including the first priority nature thereof (except that Permitted Liens may exist)), or (D) the exercise by any Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Term Loan Collateral Documents, except for those Governmental Authorizations, notices and filings set forth on Schedule 4.01(e), all of which except as set forth on Schedule 4.01(e) or that are otherwise a Governmental Authorization described in clauses (2) or (3) below (x) have been duly obtained, taken, given or made, (y) are in full force and effect, and (z) are free from conditions or requirements that have not been met or complied with.

(25) Binding Agreement. This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(26) Litigation. There is no action, suit, investigation, litigation or proceeding affecting any Loan Party or any of the Borrowers' Subsidiaries, including any Environmental Action or investigation or action relating to the Anti-Corruption Laws or Sanctions and Export

Control Laws, pending or threatened in writing before any Governmental Authority or arbitrator that (i) could reasonably be expected to have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of any Loan Document or the consummation of the transactions contemplated thereby.

(27) Financial Statements.

xxxiii. The Consolidated financial statements which have most recently been furnished to the Administrative Agent pursuant to Section 3.01(i) or Section 5.03, fairly present in all material respects, subject, in the case of any interim balance sheet and related statements of income and cash flows for the relevant three months then ended, to year-end audit adjustments, the financial condition of the Parent and its Subsidiaries or the Borrowers and their Subsidiaries, as the case may be, as at the dates of such financial statements and the results of operations of the Parent and its Subsidiaries or the Borrowers and their Subsidiaries, as the case may be, for the periods ended on such dates, all in accordance with GAAP applied on a consistent basis.

xxxiv. Since June 30, 2020, there has been no Material Adverse Change.

xxxv. The Initial Operating Budget and each other Budget delivered pursuant to Section 5.03(d) were each prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Borrower Representative's best estimate of its future financial performance.

xxxvi. Neither the Borrowers nor any Subsidiary has on the date hereof any Debt (including Disqualified Equity Interests) or any contingent liabilities, off balance sheet liabilities or partnerships, unusual forward or long term commitments or unrealized or anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in the financial statements described in Section 4.01(h)(i), or in the most recent financial statements delivered pursuant to Section 5.03(b) or (c).

(28) Full Disclosure. No written information, exhibit or report furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the negotiation and syndication of the Loan Documents or pursuant to the terms of the Loan Documents contained, when taken as a whole, and as of the date such information, exhibit or report (as applicable) was so furnished, any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not materially misleading in light of the circumstances under which such statements were made; *provided, however*, that, except as set forth herein, no representation or warranty is made with respect to any projections or other forward looking statements provided by or on behalf of any Loan Party or any of their Affiliates. There are no statements or conclusions in any information given to any Approved Independent Engineer or the Administrative Agent which are based upon or include misleading information or fail to take into account material information regarding the matters reported therein, it being understood that projections concerning volumes attributable to the Oil and Gas Properties of the Borrowers and their Subsidiaries and production and cost estimates contained in each Reserve Report are

necessarily based upon professional opinions, estimates and projections and that the Borrowers and their Subsidiaries do not warrant that such opinions, estimates and projections will ultimately prove to have been accurate. There is no fact peculiar to the Borrowers or any other Loan Party which would reasonably be expected to have a Material Adverse Effect and which has not been set forth in this Agreement or the Loan Documents or the other documents, certificates and statements furnished to the Administrative Agent or the Lenders by or on behalf of the Borrowers or any other Loan Party prior to, or on, the date hereof in connection with the transactions contemplated hereby.

(29) Margin Stock. No Loan Party is engaged in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of purchasing, buying or carrying Margin Stock, and no proceeds of any Loan will be used to purchase or carry any Margin Stock, to extend credit to others for the purpose of purchasing or carrying any Margin Stock, or for any purpose which violates the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System.

(30) Investment Company Act. No Loan Party is an “*investment company*”, as defined in or subject to regulations under the Investment Company Act of 1940, as amended.

(31) Security Interest; Enforceable Obligations. All filings and other actions necessary to perfect and protect the security interest in the Collateral (to the extent perfection can be achieved by the filing of a financing statement in the state of formation of each Loan Party, the execution of the BofA DACA, the Beal Springing DACA, the delivery of any certificate evidencing Equity Interests (and related stock powers) and/or the recordation of the Mortgages) created under the Term Loan Collateral Documents have been duly made or taken and are in full force and effect, and the Term Loan Collateral Documents create in favor of the Term Loan Collateral Agent for the benefit of the Secured Parties legal, valid, enforceable and, together with such filings and other actions, perfected first priority Liens in all Term Loan Priority Collateral (except that Permitted Liens may exist), securing the payment of the Term Loan Obligations. The Loan Parties are the legal and beneficial owners of the Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Loan Documents.

(32) Solvency. After giving effect to any transactions to occur under the Loan Documents on such date, (i) the Parent and its Subsidiaries and (ii) each of the Borrowers and their respective Subsidiaries (if any) are, in each case on a Consolidated basis, Solvent.

(33) ERISA Matters. No ERISA Event has occurred or is reasonably expected to occur with respect to any Plan that has resulted in or is reasonably expected to result in a material liability of any Loan Party or any ERISA Affiliate.

xxxvii. Neither any Loan Party nor any ERISA Affiliate has incurred or is reasonably expected to incur any material Withdrawal Liability to any Multiemployer Plan.

xxxviii. Neither any Loan Party nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is insolvent or has been

terminated, within the meaning of Title IV of ERISA, and no such Multiemployer Plan is reasonably expected to be insolvent or to be terminated, within the meaning of Title IV of ERISA.

(34) Environmental Matters.

xxxix. Except as otherwise set forth on Part I of Schedule 4.01(o) hereto, the Borrowers and each of their Subsidiaries and each of the foregoing's operations and properties comply with all Environmental Laws and Environmental Permits, all past non-compliance with such Environmental Laws and Environmental Permits has been resolved without ongoing obligations or costs, except for any such noncompliance, obligation or cost that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect and, to the best knowledge of each Loan Party, no conditions or circumstances exist that could (A) form the basis of an Environmental Action against the Borrowers or any of their Subsidiaries or any of their properties that could reasonably be expected to have a Material Adverse Effect or (B) cause any such property to be subject to any restrictions on ownership, operation or transferability, or subject to any material Lien, under any Environmental Law.

xl. Except as otherwise set forth on Part II of Schedule 4.01(o) hereto, (A) none of the properties currently or formerly owned, leased or operated at by the Borrowers or any of their Subsidiaries is currently listed or proposed for listing on the NPL or on the Superfund Enterprise Management System or any analogous state or local list; (B) to the best knowledge of each Loan Party, no properties of third parties to which the Borrowers or any of their Subsidiaries has transported or disposed, or arranged to transport or dispose, Hazardous Materials is currently listed or proposed for listing on the NPL or on the Superfund Enterprise Management System or any analogous state or local list; and (C) there is no asbestos or asbestos-containing material on any property currently owned or operated by the Borrowers or any of their Subsidiaries that requires abatement under any applicable Environmental Law.

xli. Except as otherwise set forth on Part III of Schedule 4.01(o) hereto, (A) no Hazardous Materials have been Released on any property currently or formerly owned, leased or operated by Borrowers or any of their Subsidiaries in a manner that could reasonably be expected to require any Remedial Action by Borrowers or any of their Subsidiaries under any Environmental Law; (B) neither the Borrowers nor any of their Subsidiaries is undertaking or financing, required to undertake or finance, or has completed, either individually or together with other potentially responsible parties, any Remedial Action relating to any Release or threatened Release of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to any contractual agreement, the order of any Governmental Authority or the requirements of any Environmental Law; (C) neither the Borrowers nor any of their Subsidiaries has received any written notice asserting an alleged liability or obligation to conduct Remedial Action at any properties offsite the properties owned, leased or operated by the Borrowers or their Subsidiaries where the Borrowers or any of their Subsidiaries transported or

disposed, or arranged for the transport or disposal, of Hazardous Materials and, to the best knowledge of the Loan Parties, there are no conditions or circumstances that could reasonably be expected to result in the receipt of such written notice by the Borrowers or any of their Subsidiaries; and (D) all Hazardous Material Activity with respect to any property currently or formerly owned, leased or operated by the Borrowers or any of their Subsidiaries has been conducted in a manner not reasonably expected to result in the performance of Remedial Action by the Borrowers or any of their Subsidiaries; except, in each case of (A), (B), (C) and (D) above, where any such Remedial Action could not reasonably be expected to have a Material Adverse Effect.

xlii. Except as otherwise set forth on Part IV of Schedule 4.01(o), there has been no exposure of any Person or property to Hazardous Materials as a result of or in connection with the operations of the Borrowers or any of their Subsidiaries that could reasonably be expected to form the basis for a material claim for damages or compensation.

xliii. Except as otherwise set forth on Part IV of Schedule 4.01(o), neither the Borrowers nor any of their Subsidiaries has assumed or retained by contract or operation of Governmental Requirement any material liabilities under any Environmental Law or Environmental Permit or regarding any Hazardous Materials (including any Release or threatened Release) or any Hazardous Material Activity.

xliv. The Borrowers and their Subsidiaries have provided to the Lenders complete and correct copies of all material environmental and safety-related assessment, inspection, or compliance reports, investigations, studies, analyses, and correspondence on environmental matters (including matters relating to any alleged non-compliance with or liability under Environmental Laws or Environmental Permits, it being understood that all such reports, correspondence, etc. that relate to any alleged non-compliance with or liability under Environmental Laws or Environmental Permits shall be deemed to be material) that are in any of the Borrowers' or their Subsidiaries' possession or control and relating to their respective Properties or operations thereon.

xlvi. The Borrowers and each of their Subsidiaries has obtained all Environmental Permits required for their respective operations and each of their Properties, with all such Environmental Permits being currently in full force and effect, and neither the Borrowers nor any of their Subsidiaries has received any written notice or otherwise has knowledge that any such existing Environmental Permit will be revoked or that any application for any new Environmental Permit or renewal of any existing Environmental Permit will be protested or denied.

(35) Tax Matters. None of the Borrowers nor any of their Subsidiaries is party to any tax sharing agreement.

xlvii. The Borrowers and each of their Subsidiaries have filed all U.S. federal income and other material Tax returns and reports required to be filed and have paid all material Taxes levied or imposed upon them or their properties, income or assets

otherwise due and payable except Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP.

xlvi.No issues have been raised by the Internal Revenue Service in respect of federal income Tax returns for years for which the expiration of the applicable statute of limitations has not occurred by reason of extension or otherwise that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

xlvii.No issues have been raised by any state, local or foreign taxing authorities, in respect of the Tax returns for years for which the expiration of the applicable statute of limitations has not occurred by reason of extension or otherwise, that, in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(36) Compliance with Laws and Agreements; No Default or Event of Default.

xlvi.None of the Borrowers or any of their Subsidiaries is in material violation of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award (including any Environmental Laws with respect to any Oil and Gas Property or governing its business and the requirements of any Environmental Permits with respect to any such Oil and Gas Property or the operations of such Borrower or Subsidiary) or in material breach of any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument.

l.No Default or Event of Default has occurred and is continuing.

(37) Compliance with Governmental Requirements applicable to Decommissioning Activities.

li.Except as otherwise set forth on Part I of Schedule 4.01(r) hereto, the Borrowers and each of their Subsidiaries are in current compliance in all material respects with all applicable Decommissioning Activities for which any of them have any obligation to perform, whether now or in the future. Without limiting the foregoing, except as set forth on Part IA of Schedule 4.01(r) hereto, all permanently abandoned and inactive wells or dry holes arising out of the operations of Borrowers or any of their Subsidiaries have been plugged and abandoned, are planned to be plugged and abandoned (with a listing of those wells and holes slated for plugging and abandonment and the associated schedule for such activities shown on Part IB of Schedule 4.01(r)), or are being maintained in a manner that exempts such wells and holes from any scheduled plugging and abandonment (with a listing of those wells and holes exempted from plugging and abandonment and the associated schedule of when such exemption expires shown on Part IC of Schedule 4.01(r)), in each case in a manner as required under applicable Governmental Requirements.

lii. Except as otherwise set forth on Part II of Schedule 4.01(r) hereto, the Borrowers and each of their Subsidiaries are in current compliance in all material respects



with all requirements imposed under Governmental Requirements or by Governmental Authorities with respect to obtaining and maintaining performance bonds, letters of credit, and guarantees (individually or collectively, “**Financial Assurance**”) with respect to applicable Decommissioning Activities for which any of them have any obligation to perform, whether now or in the future.

liii. Except as otherwise set forth on Part III of Schedule 4.01(r) hereto, to the best knowledge of the Loan Parties, neither the Borrowers nor any of their Subsidiaries has any material deficiencies in the monetary value of Financial Assurances required under Governmental Requirements to be obtained and maintained with respect to all applicable Decommissioning Activities for which any of them have any obligation to perform, whether now or in the future.

liv. Except as otherwise set forth on Part IV of Schedule 4.01(r) hereto, neither the Borrowers nor any of their Subsidiaries has received any orders from Governmental Authorities since September 12, 2016, directing any of them to materially increase the amount of Financial Assurance with respect to any properties owned, leased or operated by them.

lv. Except as otherwise set forth on Part V of Schedule 4.01(r) hereto, neither the Borrowers nor any of their Subsidiaries has prepared any preliminary, interim or final plans (including tailored plans) relating to Decommissioning Activities and describing how responsible parties would plan to comply with increased Financial Assurance requirements pursuant to Notice to Lessees and Operators No. 2016-N01.

lvi. Except as otherwise set forth on Part VI of Schedule 4.01(r) hereto, neither the Borrowers nor any of their Subsidiaries has received any written notice imposing or threatening to impose material Decommissioning Activity obligations on any of them with respect to properties formerly owned, leased or operated by any Borrower or any of its Subsidiaries and assigned by any of them to a third party and, to the best knowledge of the Loan Parties, there are no conditions or circumstances that could reasonably be expected to result in the receipt of such written notice by any Borrower or any of its Subsidiaries.

(38) Material Contracts; Hedge Agreements.

lvii. Each Material Contract (A) has been duly authorized, executed and delivered by each Loan Party party thereto, (B) has not been amended or otherwise modified from the form previously delivered to the Administrative Agent except to the extent permitted under the terms of the Loan Documents and (C) is in full force and effect and is binding upon and enforceable against each Loan Party party thereto in accordance with its terms, and to the best knowledge of the Loan Parties, there exists no default under any Material Contract by any party thereto.

lviii. No Borrower or any Subsidiary of a Borrower is party to any Hedge Agreement other than Hedge Agreements disclosed on Schedule 4.01(s).

lix. All Material Contracts, including all amendments thereto, to which any Loan Party is a party are set forth on Schedule 4.01(s).

(39) Regulatory Approvals. No approvals or authorizations from any Governmental Authority are required to be obtained by any Loan Party, any Agent or the Lenders with respect to the Loan Documents and the transactions contemplated thereby.

(40) Business and Property of the Loan Parties; Insurance Matters.

lx. Business. The Loan Parties and their respective Subsidiaries, taken as a whole, will not fundamentally and substantively alter the character of their business, taken as a whole, from the business conducted by them on the Effective Date.

lxi. Insurance Matters.

l. The properties of the Borrowers and each of their Subsidiaries are insured pursuant to policies and other bonds that are valid and in full force and effect and that provide coverage as is customarily carried by companies engaged in similar businesses of the same size and character as its business and owning and operating similar properties in locations in which it operates; provided that (1) such coverage is at prevailing market rates and (2) is within the minimum and maximum amounts set forth on Schedule 5.01(d).

m. Each of the Borrowers and each of their Subsidiaries has obtained flood insurance for such structures and contents constituting Collateral located in a flood hazard zone pursuant to policies that are valid and in full force and effect, in accordance with applicable law and satisfactory to the Term Loan Collateral Agent in its reasonable discretion.

n. Part 1 of Schedule 4.01(u) sets forth a description of all insurance maintained by or on behalf of the Loan Parties on the Effective Date and the coverage amounts in respect thereof.

o. As of the Effective Date, no Casualty Event has occurred and is continuing, except where such Casualty Event would not reasonably be expected to have a Material Adverse Effect.

p. Part 2 of Schedule 4.01(u) contains an accurate and complete list of all performance bonds related to operations on or pertaining to the Oil and Gas Properties owned or held by the Borrowers and their Subsidiaries as of the Effective Date. Such bonds (i) are sufficient for compliance in all material respects with all applicable law and all insurance agreements to which any Loan Party or any of its Subsidiaries is a party, (ii) are valid, outstanding and enforceable policies, and (iii) provide adequate coverage in at least such amounts and against at

least such risks (but including in any event public liability) as are required by Governmental Authorities and/or usually insured or bonded against in the same general area by companies engaged in the same or a similar business. Neither the Borrowers nor any Subsidiary nor, to their knowledge, any of their predecessors in interest, has been refused any bonds or insurance with respect to its assets or operations, nor has its coverage been limited below usual and customary bond or policy limits, by any bonding company or insurance carrier to which it has applied for any such bond or insurance or with which it has carried insurance during the last three years.

(41) Intellectual Property. All material Registered Intellectual Property owned by the Borrowers or any of their Subsidiaries is set forth on Schedule 4.01(v). The Borrowers and their Subsidiaries own or have rights or licenses to all Intellectual Property sufficient to conduct the business and operations as currently conducted or proposed to be conducted (as of the Effective Date), except as otherwise would not reasonably be expected to result in a Material Adverse Effect. All material Registered Intellectual Property owned by the Borrowers or any of their Subsidiaries is, to the knowledge of each such Person, valid and enforceable. There is no objection to or pending challenge to the validity or enforceability of any such owned material Registered Intellectual Property (other than with respect to pending applications in the ordinary course of prosecution before the United States Patent and Trademark Office or other applicable governmental authority) or, to the knowledge of any such Person, any licensed material Registered Intellectual Property, in each case, except as would not reasonably be expected to result in a Material Adverse Effect. As of the Effective Date, none of the Borrowers or any of their Subsidiaries is aware of any grounds for any such challenge to such owned or licensed Registered Intellectual Property the absence of which would reasonably be expected to result in a Material Adverse Effect, except as set forth in Schedule 4.01(v). Each item of material Intellectual Property owned by the Borrowers or any of their Subsidiaries is described on Schedule 4.01(v) and consists of material or property developed by or on behalf of such Person or was lawfully acquired by such Person from the proper and lawful owner thereof, except as otherwise would not reasonably be expected to result in a Material Adverse Effect. Each Borrower and each of their Subsidiaries has taken commercially reasonable steps to maintain all owned Intellectual Property as to preserve the value thereof from the date of creation or acquisition thereof except as otherwise would not reasonably be expected to result in a Material Adverse Effect. With respect to all software material to the business of the Borrowers and their Subsidiaries in the operation of any such Person's business, as currently conducted, such Person owns, or possesses valid licenses or other rights to use all such software in all material respects.

(42) No Labor Disputes. None of the Borrowers nor any of their Subsidiaries is involved in any labor dispute; there are no strikes, walkouts or union organization of such Person's employees threatened or in existence and no labor contract is scheduled to expire during the term of this Agreement, in each case, that would reasonably be expected to have a Material Adverse Effect.

(43) Letter of Credit Rights. None of the Borrowers nor any of their Subsidiaries has any letter of credit rights with a value in excess of \$250,000, except as set forth on Schedule 4.01(x).

(44) Commercial Tort Claims. None of the Borrowers nor any of their Subsidiaries is a party to any commercial tort claims exceeding \$250,000 (either individually or \$1,000,000 in the aggregate), except as set forth on Schedule 4.01(y).

(45) Employment Contracts. None of the Borrowers nor any of their Subsidiaries is party to any employment contracts, except as set forth on Schedule 4.01(z).

(46) Affiliate Transactions. Except as set forth on Schedule 4.01(aa), there are no existing or proposed agreements, arrangements, understandings or transactions between the Borrowers or any of their Subsidiaries and any of the officers, members, managers, directors, stockholders, parents, holders of other Equity Interests, employees or Affiliates (other than Subsidiary Guarantors) of such Person other than as permitted under Section 5.02(q).

(47) No Burdensome Restrictions. Neither the Borrowers nor any of their Subsidiaries is subject to any Burdensome Restrictions except Burdensome Restrictions permitted under Section 5.02(p).

(48) Anti-Terrorism; Anti-Corruption Laws and Sanctions.

lxii.No Loan Party, their Subsidiaries, or their respective directors, officers, employees or, to the knowledge of the Loan Party, its or their agents is in violation of any Anti-Terrorism Laws.

lxiii.Each Loan Party and their Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries, and their respective directors, officers, employees and agents with the Anti-Corruption Laws and Sanctions and Export Control Laws, and such Loan Party, its Subsidiaries, and their respective officers, directors, employees, and to the knowledge of such Loan Party, its or their agents, are in compliance and will remain in compliance with the Anti-Corruption Laws and Sanctions and Export Control Laws.

lxiv.No Loan Party, their Subsidiaries, or their respective directors, officers, employees or, to the knowledge of the Loan Party, its or their agents have made, given, offered, authorized, or promised to make, give, offer or authorize the payment of any money, commission, reward, gift, hospitality, entertainment, inducement (including any facilitation payments) or anything else of value, directly or indirectly, to: (a) any Government Official; (b) any person acting for or on behalf of any Government Official; or (c) any other person for the purpose of obtaining or retaining business or favorable governmental action or to otherwise secure any improper advantage, nor will they do so before a Repayment Event occurs.

lxv.No Loan Party, their Subsidiaries, or their respective directors, officers, employees or, to the knowledge of the Loan Party, its or their agents have directly or indirectly within the last five years taken any action, that would violate any applicable Sanctions and Export Control Laws, nor will they do so before a Repayment Event occurs.

lxvi.None of (a) any Loan Party, any Subsidiary or (b) to the Loan Parties' knowledge, any of their respective directors, officers or employees, any agent of such Loan Party or any Subsidiary that will act in any capacity in connection with or benefit from Facilities established hereby, is a Sanctioned Person.

lxvii.No Borrowing, use of proceeds, or other transaction contemplated by this Agreement or the other Loan Documents will violate the Anti-Corruption Laws or Sanctions and Export Control Laws.

(49) Properties; Titles, Etc.

lxviii.The Borrowers and each of their Subsidiaries has good and defensible title to the Hydrocarbon Interests in the Oil and Gas Properties evaluated in the most recently delivered or prepared Reserve Report (except for those Oil and Gas Properties that have been disposed of since the date of such Reserve Report in accordance with this Agreement or leases which have expired in accordance with their terms) and good title to all its material personal Properties, in each case, free and clear of all Liens (except Permitted Liens). After giving full effect to such Permitted Liens, each Loan Party specified as the owner owns the net interests in production attributable to the Hydrocarbon Interests as reflected in the most recently delivered or prepared Reserve Report (except for those Oil and Gas Properties that have been disposed of since the date of such Reserve Report in accordance with this Agreement or leases which have expired in accordance with their terms), and the ownership of such Properties shall not in any material respect obligate such Loan Party to bear the costs and expenses relating to the maintenance, development and operations of each such Property in an amount in excess of the working interest of each Property set forth in the most recently delivered or prepared Reserve Report that is not offset by a corresponding proportionate increase in such Loan Party's net revenue interest in such Property.

lxix.All material leases and agreements with respect to the Oil and Gas Properties owned or held by the Borrowers and their Subsidiaries are valid and subsisting, in full force and effect, and there exists no default or event or circumstance which with the giving of notice or the passage of time or both would give rise to a material default under any such lease or leases.

lxx.The rights and Properties presently owned, leased or licensed by the Borrowers and their Subsidiaries including, without limitation, all easements and rights of way, include all material rights and Properties necessary to permit the Borrowers and their Subsidiaries to conduct their business in all material respects in the same manner as its business has been conducted prior to the date hereof.

lxxi. Substantially all of the tangible Properties of the Borrowers and their Subsidiaries which are reasonably necessary for the operation of their businesses are in good working condition and are maintained in accordance with Prudent Industry Practice in all material respects.

(50) Maintenance of Properties. The Oil and Gas Properties (and Properties unitized therewith) which are operated by the Borrowers and their Subsidiaries have been maintained, operated and developed by the Borrowers or their Subsidiaries in a good and workmanlike manner and in conformity with all applicable Governmental Requirements and in conformity with the provisions of all leases, subleases or other contracts comprising a part of the Hydrocarbon Interests and other contracts and agreements forming a part of the Oil and Gas Properties of the Borrowers and their Subsidiaries in all material respects, in each case to which the Borrowers or their Subsidiaries are a party. Specifically in connection with the foregoing (i) no Oil and Gas Property operated by the Borrowers or any Subsidiary is subject to having allowable production reduced below the full and regular allowable (including the maximum permissible tolerance) because of any overproduction (whether or not the same was permissible at the time) and (ii) none of the wells comprising a part of the Oil and Gas Properties (or Properties unitized therewith) operated by the Borrowers or any Subsidiary is deviated from the vertical more than the maximum permitted by Governmental Requirements, and such wells are, in fact, bottomed under and are producing from, and the well bores are wholly within, the Oil and Gas Properties (or in the case of wells located on Properties unitized therewith, such unitized Properties) operated by the Borrower or such Subsidiary. All pipelines, wells, gas processing plants, platforms and other material improvements, fixtures and equipment operated in whole or in part by the Borrowers or any of their Subsidiaries that are necessary to conduct normal operations are being maintained in a condition reasonably adequate to conduct normal operations, and with respect to such of the foregoing which are operated by the Borrowers or any of their Subsidiaries, in a manner consistent with Prudent Industry Practice in all material respects.

(51) Gas Imbalances, Prepayments. There are no gas imbalances, take or pay or other prepayments (or any volumetric production payments) which would require the Borrowers or any of their Subsidiaries to deliver Hydrocarbons produced from the Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor exceeding one-half bcf of gas (on an mcf equivalent basis) in the aggregate.

(52) Marketing of Production. Other than as set forth on Schedule 4.01(gg), there are no agreements for the marketing of production that exist which are not cancelable on 90 days' notice or less without penalty or detriment for the sale of production from the Borrowers' or their Subsidiaries' Hydrocarbons (including without limitation calls on or other rights to purchase, production, whether or not the same are currently being exercised) that (i) pertain to the sale of production at a fixed price and (ii) have a maturity or expiry date of longer than six (6) months from the date thereof.

## **Article V.**

## COVENANTS

### Section f.. Affirmative Covenants

. Until the Repayment Event has occurred, the applicable parties referred to below shall comply with each of the following covenants:

(53) Compliance with Laws, Etc. Each Borrower shall comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders binding on such Borrower or such Subsidiary, such compliance to include, without limitation, compliance with ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970 in all material respects. Each Loan Party will comply with all applicable provisions of the Anti-Corruption Laws and Sanctions and Export Control Laws, and will maintain in effect and enforce policies and procedures designed to ensure compliance by such Loan Party, its Subsidiaries, and their respective directors, officers, employees and agents with Anti-Corruption Laws and Sanctions and Export Control Laws.

(54) Payment of Obligations, Etc. Each Borrower shall pay and discharge, and cause each of its Subsidiaries to pay and discharge all material Debt obligations and all other liabilities and obligations, including (i) all material Taxes imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien (other than a Permitted Lien) upon its property, in each case, before the same shall become delinquent; *provided*, that neither such Person nor any of its Subsidiaries shall be required to pay or discharge any such Debt, liability or Tax that is being contested in good faith and by proper proceedings to the extent that adequate reserves are being maintained in accordance with GAAP; *provided, however*, that each such Person will, and will cause each Subsidiary to, remit withholding Taxes and other payroll Taxes to appropriate Governmental Authorities as and when claimed to be due, notwithstanding the foregoing exceptions.

(55) Environmental Matters.

lxxii. Each Borrower shall comply, and cause each of its Subsidiaries and, if applicable, take commercially reasonable efforts to cause, all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all Environmental Laws and Environmental Permits; obtain and renew, and cause each of its Subsidiaries to obtain and renew, all material Environmental Permits necessary for its operations and properties; and conduct, and cause each of its Subsidiaries to conduct, any Remedial Action or other action in response to any Release or threatened Release of any Hazardous Materials from or at any of its properties or otherwise relating to its operations, to the extent required by, and in material compliance with, all Environmental Laws; *provided, however*, that neither such Person nor any of its Subsidiaries shall be required to undertake any such Remedial Action or other action to the extent that there is no imminent and substantial endangerment to any Person or the environment as a result of such Release or threatened Release and its obligation to do so is being contested in good faith and by proper proceedings provided appropriate reserves are being maintained with respect to such conditions or circumstances.

lxxiii. Each Borrower shall establish and maintain, and cause each of its Subsidiaries and, if applicable, take commercially reasonable efforts to cause, all lessees and other Persons operating or occupying its properties to establish and maintain, a system to assure and monitor continued compliance in all material respects of such Persons' operations and businesses with all Environmental Laws and Environmental Permits, which system shall include periodic reviews of such compliance.

lxxiv. In the event that either Borrower or any Subsidiary (A) obtains, gives or receives written notice of any Release or threat of Release of a reportable quantity of any Hazardous Materials at any such Person's or any of its Subsidiaries' Property or any of its customer's Property caused by any such Person or any of its Subsidiaries that could reasonably be expected to result in a Material Adverse Effect (any such event being hereinafter referred to as a "**Hazardous Discharge**") or (B) receives any written notice of an Environmental Action with regard to Remedial Action of environmental conditions at any such Person's or any of its Subsidiaries' Property, or written notice of an Environmental Action with regard to any Hazardous Discharge or violation of Environmental Laws or Environmental Permits affecting any such Person's or any of its Subsidiaries' Property or any Person's interest therein, that with respect to any of the foregoing could reasonably be expected to result in a Material Adverse Effect (any of the foregoing is referred to herein as an "**Environmental Complaint**") from any Governmental Authority responsible in whole or in part for environmental matters in the state in which the such Property is located, the United States Environmental Protection Agency, the federal Bureau of Ocean Energy Management or the federal Bureau of Safety and Environmental Enforcement (any such Person, hereinafter, the "**Authority**"), or any other Person, then the Borrower Representative shall, as soon as practicable after any Responsible Officer becomes aware of such notification (and, in any event, within five (5) Business Days), give written notice of the same to the Administrative Agent, detailing facts and circumstances (to the extent that such is non-privileged) of which any such Person or any of its Subsidiaries is aware of giving rise to the Hazardous Discharge or Environmental Complaint. Such notice is not intended to create, nor shall it create, any obligation upon the Administrative Agent or any Lender with respect thereto.

lxxv. Each of the Borrowers and their Subsidiaries shall promptly forward to the Administrative Agent copies of any written notice of an Environmental Action from any Governmental Authority relating to potential responsibility with respect to the Remedial Action with respect to Hazardous Materials at any property offsite the property owned, leased, or operated by any such Person or any of its Subsidiaries where such Person or any of its Subsidiaries transported or disposed, or arranged for the transport or disposal, of Hazardous Materials that could reasonably be expected to have a Material Adverse Effect and shall continue to forward to the Administrative Agent copies of written correspondence and other non-privileged documents requested by the Administrative Agent in its sole and absolute discretion until such matter is settled, with no further liability under Environmental Law pending against such Person or any of its Subsidiaries. The Borrower Representative shall promptly forward to the Administrative Agent and the Lenders copies of all written documents and reports concerning a Hazardous Discharge



that is reasonably expected to have a Material Adverse Effect at any such Person's or any of its Subsidiaries' Property, or any such third party's properties offsite the properties owned, leased or operated by any Borrower or any of their Subsidiaries where any Borrower or any of their Subsidiaries have transported or disposed, or arranged for the transport or disposal, of Hazardous Materials.

lxxvi. Each of the Borrowers and their Subsidiaries shall respond promptly to any Hazardous Discharge or Environmental Complaint and take all Remedial Actions to the extent required by Environmental Law, Environmental Permit or the Authority; *provided*, that, none of them shall be required to undertake any such Remedial Action to the extent that there is no imminent and substantial endangerment to any Person or the environment as a result of such Hazardous Discharge or Environmental Complaint or their obligation to do so is being contested in good faith and by proper proceedings. If any of them shall fail to respond promptly to any such Hazardous Discharge or as required by Environmental Law, Environmental Permit or the Authority, which such failure would reasonably be expected to have a Material Adverse Effect, the Administrative Agent on behalf of the Lenders may, but without the obligation to do so, for the sole purpose of protecting the Lenders' interest in the Collateral, upon written notification to the Borrower Representative, enter onto any such Person's or any of its Subsidiaries' Property (or authorize third parties to enter onto any such Person's or Subsidiaries' Property) and take such Remedial Actions required by Environmental Law, Environmental Permit or the Authority with respect to any such Hazardous Discharge or Environmental Complaint. All documented costs and expenses incurred by the Administrative Agent and Lenders (or such third parties) in the exercise of any such rights under this Section 5.01(c), including any sums paid in connection with any judicial or administrative investigation or proceedings, fines and penalties, shall be paid by the Borrowers within thirty (30) days of written demand by the Administrative Agent, and until paid shall be added to and become a part of the Obligations secured by the Liens created by the terms of the Loan Documents.

lxxvii. In the event there is a Hazardous Discharge or a failure to comply with Environmental Laws or Environmental Permit at any Borrower's or any of its Subsidiaries' Property caused by any Loan Party, which in either case is reasonably expected to have a Material Adverse Effect, comply with all written requests for information made by the Administrative Agent with respect to such Hazardous Discharge or failure to comply with Environmental Laws or Environmental Permits. Such information requested may include, at the Borrowers' expense, an environmental site assessment (including invasive sampling and testing) or environmental compliance audit of any such Person's or any of its Subsidiaries' Property caused by any Loan Party, to be prepared by a nationally recognized environmental consulting or engineering firm, to assess such Hazardous Discharge or noncompliance with Environmental Laws or Environmental Permits; *provided, however*, that any environmental site assessment, environmental compliance audit or similar report acceptable to the Authority that is charged to oversee any Remedial Action related to such Hazardous Discharge or failure to comply with Environmental Laws or Environmental Permits shall be deemed

acceptable to the Administrative Agent and the Required Lenders in their reasonable discretion.

lxxviii. Each of the Borrowers and their Subsidiaries shall defend and indemnify the Agents and the Lenders and hold the Agents, the Lenders and their respective employees, agents, directors and officers harmless from and against all loss, liability, expense, claims, costs, monetary sanctions, fines and penalties, including documented out-of-pocket attorney's fees, suffered or incurred by the Agents or the Lenders under or on account of any Environmental Action, Hazardous Material, Environmental Law or Environmental Permit, including the assertion of any Lien thereunder, including with respect to any Hazardous Discharge or the presence of any Hazardous Materials affecting any such Person's or any of its Subsidiaries' Property whether or not the same originates or emerges from any such Person's or Subsidiary's Property's or as a result of any third party's conduct or operations at any nearby site or location, except to the extent such loss, liability, damage and expense is attributable to any Hazardous Discharge or presence of Hazardous Materials that is found by a final and non-appealable judgment of a court of competent jurisdiction to have directly and solely been caused by the gross negligence or willful misconduct of such indemnified party under this Section 5.01(c). The Loan Parties' respective obligations under this Section 5.01(c) exist regardless of whether or not any federal, state or local environmental agency has taken or threatened any action in connection with the presence of any such Hazardous Material or Hazardous Discharge. The Loan Parties' obligations and the indemnifications hereunder shall survive until a Repayment Event has occurred.

lxxix. Each of the Borrowers and their Subsidiaries shall provide environmental assessments, audits and tests (including invasive sampling and testing) in accordance with the most current version of the American Society of Testing Materials standards upon reasonable request by the Administrative Agent and the Lenders, in connection with any future acquisitions of Oil and Gas Properties or other Properties.

(56) Insurance Matters. Each of the Borrowers and their Subsidiaries shall maintain or cause to be maintained, with financially sound and reputable insurers and at prevailing market rates, business interruption insurance, casualty insurance, such public liability insurance, third party property damage insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Borrowers and their Subsidiaries as may customarily be carried or maintained under Prudent Industry Practice, in each case in such amounts (giving effect to self insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be within the minimum and maximum ranges set forth on Schedule 5.01(d). Without limiting the generality of the foregoing, the Borrowers and their Subsidiaries will maintain or cause to be maintained replacement value casualty insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts, with such deductibles, and covering such risks as are at all times carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses. Each such policy of insurance shall (i) name the Term Loan Collateral Agent, on behalf of Secured Parties as an additional insured thereunder as its interests may appear, and (ii) in the

case of "all risk" coverages as set forth in the energy package as described in Part 1 of Schedule 4.01(u), contain a loss payable clause or endorsement, satisfactory in form and substance to the Term Loan Collateral Agent in its reasonable discretion, that names the Term Loan Collateral Agent, on behalf of Secured Parties as the loss payee thereunder and provides for at least thirty days' prior written notice to the Term Loan Collateral Agent of any modification or cancellation of such policy. To the extent that the Parent or any of its Subsidiaries (other than the Borrowers and their Subsidiaries) receives any insurance proceeds (including any business interruption insurance proceeds) that are attributable to the business or properties of the Borrowers or any Subsidiary of the Borrowers, the Parent agrees to promptly cause 100% of such proceeds to be contributed to the Borrowers.

(57) Maintenance of Existence, Etc. Each of the Borrowers and their Subsidiaries shall preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its existence as a corporation, limited liability company or limited partnership, as applicable, its good standing in its jurisdiction of incorporation, formation, organization, or otherwise, as applicable, and, to the extent required under applicable law, its qualification to do business and good standing in each other state or jurisdiction in which it operates a material part of its business; *provided, however*, that the Borrowers and their Subsidiaries may consummate any merger or consolidation permitted under Section 5.02(d).

(58) Visitation Rights; Inspections. The Parent and the Borrowers and their Subsidiaries shall, upon reasonable notice, at any reasonable time and from time to time, permit any of the Agents or any of the Lenders, or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Loan Parties, and to discuss the affairs, finances and accounts of the Loan Parties and any of their respective Subsidiaries with any of their officers or directors and with their independent certified public accountants; *provided* that so long as no Event of Default shall have occurred and be continuing, unless the Borrower Representative shall have consented thereto, neither the Agents nor the Lenders shall be entitled to more than one visit at the cost of Borrowers to the headquarters of the Loan Parties in any Fiscal Year, *provided* further that, the Agents and Lenders may make additional visits at their sole cost and expense. Notwithstanding anything set forth in this clause (f) to the contrary, the visitation and inspection rights set forth herein shall not apply to any offshore locations.

(59) Books and Records. Each of the Borrowers and their Subsidiaries shall (i) keep proper books of record and account in which full, true and correct entries will be made, in all material respects, of all dealings or transactions of or in relation to its business and affairs; (ii) set up on its books accruals with respect to all taxes, assessments, charges, levies and claims; and (iii) on a reasonably current basis, set up on its books, from its earnings, allowances against doubtful receivables, advances and investments and all other proper accruals (including by reason of enumeration, accruals for premiums, if any, due on required payments and accruals for depreciation, obsolescence or amortization of properties), which should be set aside from such earnings in connection with its business. All determinations pursuant to this Section 5.01(g) shall be made in accordance with, or as required by, GAAP consistently applied in the opinion of such

independent certified public accounting firm as shall then be regularly engaged by the Borrowers and their Subsidiaries.

(60) Conduct of Business and Maintenance of Properties, Etc. Each of the Borrowers and their Subsidiaries shall:

lxxx.Maintain and cause all Subsidiaries to maintain all Intellectual Property and any licenses under third-party Intellectual Property, subject to the terms of any such licenses, and take commercially reasonable actions necessary to enforce and protect the validity of any Intellectual Property right or other right included in the Collateral, except, in the case of any such Intellectual Property right, where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

lxxxii.Operate its Oil and Gas Properties and other material Properties or cause such Oil and Gas Properties and other material Properties to be operated in a careful and efficient manner in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all Governmental Requirements, including applicable proration requirements and Environmental Laws, and all applicable laws, rules and regulations of every other Governmental Authority from time to time constituted to regulate the development and operation of its Oil and Gas Properties and the production and sale of Hydrocarbons and other minerals therefrom, except, in each case, where the failure to comply could not reasonably be expected to have a Material Adverse Effect.

lxxxiii.Maintain and keep in good repair, working order and efficiency (ordinary wear and tear excepted) all of its Oil and Gas Properties and other Properties material to the conduct of its business, including all equipment, machinery and facilities.

lxxxiv.Promptly pay and discharge, or make reasonable and customary efforts to cause to be paid and discharged, all delay rentals, royalties, expenses and indebtedness accruing under the leases or other agreements affecting or pertaining to its Oil and Gas Properties and do all other things necessary to keep unimpaired their rights with respect thereto and prevent any forfeiture thereof or default thereunder.

lxxxv.Promptly perform or make reasonable and customary efforts to cause to be performed, in accordance with industry standards, the obligations required by each and all of the assignments, deeds, leases, sub-leases, contracts and agreements affecting its interests in its Oil and Gas Properties and other material Properties.

lxxxvi.Cause each Affiliate of such Loan Party which operates any Loan Party's or its Subsidiaries' Oil and Gas Properties to subordinate, pursuant to agreements in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion, any operators' Liens or other Liens in favor of such Affiliate in respect of such Oil and Gas Properties to the Liens in favor of the Term Loan Collateral Agent for the benefit of the Secured Parties.

lxxxvi. Notwithstanding the foregoing to the contrary, to the extent that the operator of any Property is not a Loan Party or an Affiliate thereof, the Borrowers and their Subsidiaries shall use reasonable efforts to cause the operator to comply with this Section 5.01(h) (other than clauses (i) and (vi) hereof).

(61) Accounts and Letters in Lieu. Each of the Borrowers and their Subsidiaries shall:

lxxxvii. Cause all Revenues and other amounts (including collections) payable to it to be deposited into, or credited to, a revenue account held at an Acceptable Depository Bank and subject to an Account Control Agreement (the "**Revenue Account**"); *provided* that, so long as no Event of Default has occurred and is continuing (or would result therefrom), the Borrowers may cause such amounts to be transferred to any other deposit account subject to an Account Control Agreement.

lxxxviii. Cause the Revenue Account to at all times be maintained at an Acceptable Depository Bank and the Loan Proceeds Account to at all times be maintained at Beal Bank USA.

lxxxix. Not use any amounts contained in the Loan Proceeds Account or use any Loan proceeds for making any Restricted Payments (other than the Effective Date Parent Debt Repayment) and shall only use such amounts for making the Specified Borrower Loan on the Effective Date and for domestic United States operating expenses of the Borrowers and their Subsidiaries and domestic United States Capital Expenditures permitted under this Agreement. The Borrower Representative will provide written notice to the Administrative Agent contemporaneously with each withdraw from the Loan Proceeds Account, which written notice shall include the Borrower Representative's certification as to (A) the use of such Cash that is withdrawn and (B) the Borrowers' compliance with this Section 5.01(i)(iii). This Agreement shall constitute written notice that the Borrower Representative is, on the Effective Date and after the funding of Loan proceeds into the Loan Proceeds Account, withdrawing \$50,000,000 from the Loan Proceeds Account and depositing such funds into the Revenue Account, and the Borrower Representative hereby certifies that such Cash will be used for purposes described in, and in compliance with, this Section 5.01(i)(iii).

xc. Upon the Administrative Agent's request, in the Administrative Agent's sole and absolute discretion, execute and deliver, and shall use all commercially reasonable efforts to cause any third party purchaser of production or payor of Revenues to the Borrowers or any Subsidiary to execute and deliver, a letter in lieu, in form and substance reasonably satisfactory to the Administrative Agent, pursuant to which such purchaser or payor will be instructed to, and will agree to, make all such payments to the Borrowers or such Subsidiary into the Revenue Account. In addition, to the extent the Revenue Account changes at any time, the Borrowers shall, without the need for the Administrative Agent to make any request therefor, cause amendments or replacements of all previously executed letters in lieu to be executed by all applicable parties and

delivered to the Administrative Agent to reflect the updated Revenue Account information.

(62) Performance of Material Contractual Obligations. Each of the Borrowers and their Subsidiaries shall (i) (x) perform its Contractual Obligations under and observe all the terms and provisions of each Material Contract to be performed or observed by it, and (y) maintain each such Material Contract in full force and effect, and enforce each such Material Contract in accordance with its terms in all material respects unless, in each case, such Material Contract has expired in accordance with its terms in the ordinary course (and not related to any default thereunder) and (ii) without limiting the generality of the foregoing, replace, or cause to be replaced (or put into place alternative arrangements (including contracts) satisfactory to the Required Lenders in their sole and absolute discretion with respect to), any Material Contract that has expired in accordance with its terms in the ordinary course (and related to any default thereunder) to the extent such replacement (or such alternative arrangement satisfactory to the Required Lenders in their sole and absolute discretion) is necessary or advisable in accordance with Prudent Industry Practices.

(63) Separateness. Each of the Borrowers and their Subsidiaries shall (i) obtain, and cause each of their respective Subsidiaries to obtain, proper authorization or ratify prior actions from member(s) or director(s), as applicable, as required by its limited liability company agreement or bylaws for all of its limited liability company or corporate actions pertaining to the Loan Documents and (ii) comply, and cause each of their respective Subsidiaries to comply, with the terms of its certificate of incorporation or formation and by-laws or limited liability company agreement (or similar constituent documents).

(64) Additional Collateral and Additional Guarantors.

xc. In the event that any Person becomes a Subsidiary of any Borrower after the Effective Date, such Borrower shall cause such Person to (A) concurrently with such Person becoming a Subsidiary, become party to the Term Loan Security Agreement as a guarantor and grantor thereunder by executing and delivering to Administrative Agent and Term Loan Collateral Agent a joinder agreement in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion, and (B) take all such actions and execute and deliver, or cause to be executed and delivered, all such documents, instruments, agreements, and certificates as are similar to those described in Sections 3.01(a)(iii), (iv), (v), (vii), (viii), (ix) and (xiii). With respect to each such Subsidiary, the Borrower Representative shall promptly send to Administrative Agent written notice setting forth with respect to such Person (A) the date on which such Person became a Subsidiary of any Borrower, and (B) all of the data required to be set forth in Schedules 4.01(b) and 4.01(c) with respect to all Loan Parties; provided, such written notice shall be deemed to supplement Schedules 4.01(b) and 4.01(c) for all purposes hereof.

xcii. In the event that any Person becomes an Intermediate Parent Entity after the Effective Date, Parent shall cause such Person to concurrently with such Person becoming a Subsidiary of Parent, become party to the Contingent Parent Guarantee

Agreement as a guarantor thereunder by executing and delivering to Administrative Agent and Term Loan Collateral Agent a joinder agreement in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion. With respect to each such Subsidiary, the Borrower Representative shall promptly send to Administrative Agent written notice setting forth with respect to such Person the date on which such Person became a Subsidiary of Parent. From the Effective Date until the occurrence of a Parent Guarantee Trigger Event, all signature pages to the Contingent Parent Guarantee Agreement shall be deemed to be held in escrow by the Administrative Agent and, upon the occurrence of a Parent Guarantee Trigger Event, all such signature pages shall be deemed to be automatically released from escrow and the Contingent Parent Guarantee Agreement shall automatically become an effective and binding agreement, enforceable against each Intermediate Parent Entity party thereto.

xciii. In the event that any of the Borrowers or Subsidiary Guarantors directly owns or acquires Equity Interests in any other Subsidiary, such Person shall, within five (5) days of such ownership or acquisition of such Equity Interests, cause such Person to take all such actions to cause such Equity Interest to be certificated and to grant a security interest in all such Equity Interests in favor of the Term Loan Collateral Agent as required pursuant to the terms of the Term Loan Collateral Documents or as otherwise requested by the Term Loan Collateral Agent.

xciv. In the event that any of the Borrowers or Subsidiary Guarantors acquires any additional Oil and Gas Properties, or it is determined that the Mortgaged Properties do not constitute all of the Oil and Gas Properties owned by the Borrowers and Subsidiary Guarantors, then the applicable Borrower or Subsidiary Guarantor shall take such actions as are necessary or requested by the Term Loan Collateral Agent to, grant, within thirty (30) days of the acquisition or determination thereof, as applicable, to the Term Loan Collateral Agent as security for the Obligations a first-priority Lien interest on such additional Oil and Gas Properties. All such Liens will be created and perfected by and in accordance with the provisions of deeds of trust, mortgages, security agreements and financing statements or other Term Loan Collateral Documents, all in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion and in sufficient executed (and acknowledged where necessary or appropriate) counterparts for recording purposes.

xcv. Notwithstanding any provision in any of the Loan Documents to the contrary, in no event is any Building (as defined in the applicable Flood Insurance Regulations) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulations) owned by any Loan Party included in the Collateral and no Building or Manufactured (Mobile) Home shall be encumbered by any Term Loan Collateral Document; provided, that (A) the applicable Loan Party's interests in all lands and Hydrocarbons situated under any such Building or Manufactured (Mobile) Home shall be included in the Collateral and shall be encumbered by the Term Loan Collateral Documents and (B) the Borrowers shall not, and shall not permit any of their Subsidiaries

to, permit to exist any Lien on any Building or Manufactured (Mobile) Home except Permitted Liens.

(65) Reserve Reports; Engineering Information.

xcvi. On or before March 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup> and December 15<sup>th</sup> of each year, commencing December 15<sup>th</sup>, 2020, the Borrower Representative shall furnish to the Administrative Agent and the Lenders all requested internal engineering and production information evaluating the Oil and Gas Properties of the Borrowers and their Subsidiaries as of the immediately preceding December 31st, March 31st, June 30th or September 30th, as applicable.

xcvii. Such information shall be used by the Administrative Agent to commission a Reserve Report by an Approved Independent Engineer or to roll forward a Reserve Report previously prepared by an Approved Independent Engineer. Each Reserve Report as of December 31<sup>st</sup> of each year, commencing with the December 31, 2021 Reserve Report will be prepared by one or more Approved Independent Engineers that have completed an independent engineering evaluation of the reserves attributable to the Loan Parties' Oil and Gas Properties, and shall be prepared at the Borrowers' expense.

xcviii. At any time, the Administrative Agent may commission an additional Reserve Report by the Approved Independent Engineer, provided that, except as set forth in the foregoing clause (ii) or unless an Event of Default exists, such Reserve Report shall be at the Lenders' expense.

xcix. The Borrowers agree at all times to cooperate with and provide such information requested by the Approved Independent Engineer.

c. The Borrower Representative may request, no more than one (1) time during any 12-month period, to have the Administrative Agent commission (at the Borrowers' expense) an additional Reserve Report prepared by one or more Approved Independent Engineers, but only if, in connection with such request, the Borrowers or their Subsidiaries shall have acquired any new producing wells or production has come online at a well since the most recently delivered or prepared Reserve Report.

ci. With the delivery such information specified in the foregoing clause (i), the Borrower Representative shall provide to the Administrative Agent and the Lenders a certificate from a Responsible Officer certifying that in all material respects: (A) the information delivered in connection therewith is true and correct (other than forecasted or forward-looking information), (B) the Loan Parties own good and defensible title to the Oil and Gas Properties evaluated in such engineering information and such Properties are free of all Liens except for Permitted Liens, (C) except as set forth on an exhibit to the certificate, on a net basis there are no gas imbalances, take or pay or other prepayments in excess of the volume specified in Section 4.01(ff) with respect to the Oil and Gas Properties evaluated in such Reserve Report which would require any Loan Party to



deliver Hydrocarbons either generally or produced from such Oil and Gas Properties constituting Proved Reserves at some future time without then or thereafter receiving full payment therefor, (D) none of the Oil and Gas Properties to be evaluated in such Reserve Report have been disposed of since the date of the last certificate delivered pursuant to this Section 5.01(m)(iii), except as set forth on an exhibit to the certificate, which certificate shall list all of its Oil and Gas Properties disposed of and in such detail as required by the Administrative Agent in its reasonable discretion, and (E) certifying that 100% of the Borrowers' and their Subsidiaries Oil and Gas Properties (other than Oil and Gas Properties owned by the Excluded JV for so long as the Excluded JV is not a Subsidiary Guarantor) are Mortgaged Properties, other than Oil and Gas Properties disclosed on a schedule attached thereto, together with a certification that such Oil and Gas Properties will become Mortgaged Properties in accordance with Section 5.01(l)(iv).

(66) Title Information.

cii. On or before the delivery to the Administrative Agent and the Lenders of engineering information required by Section 5.01(m), the Borrower Representative will deliver title information in form and substance acceptable to the Administrative Agent in its reasonable discretion covering the Oil and Gas Properties of the Borrowers and their Subsidiaries (other than the Excluded JV, for so long as the Excluded JV is not a Subsidiary Guarantor) evaluated by such Reserve Report that were not included in the immediately preceding Reserve Report, so that the Administrative Agent shall have received together with title information previously delivered to the Administrative Agent, title information in respect of the Oil and Gas Properties of the Borrowers and their Subsidiaries as is satisfactory to the Administrative Agent in its reasonable discretion.

ciii. If the Borrower Representative has provided title information for additional Oil and Gas Properties under Section 5.01(n)(i), and the Administrative Agent notifies the Borrower Representative that title defects or exceptions exist with respect to such additional Oil and Gas Properties or that the Administrative Agent is otherwise not satisfied with the status of title, such event shall not, by itself be a Default, but the Borrowers shall, within 30 days after notice from the Administrative Agent that title defects or exceptions exist with respect to such additional Oil and Gas Properties, either (A) cure any such title defects or exceptions (including defects or exceptions as to priority) which are not Permitted Liens raised by such information or (B) if the Borrowers are unable to cure any title defect requested by the Administrative Agent or the Lenders within such 30-day period, make a (1) voluntary prepayment of the Loans in an amount equal to the value of the relevant Oil and Gas Properties as set forth in the most recently delivered Reserve Report and (2) such Oil and Gas Property shall be excluded from any determination of Total PDP PV-10 until evidence of title satisfactory to the Administrative Agent in its sole and absolute discretion is delivered with respect to such Oil and Gas Property.

(67) Further Assurances.

civ. Promptly upon the written request by any Agent, or any Lender through the Administrative Agent, the Borrowers and their Subsidiaries shall execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, landlord waivers, estoppel and consent agreements of lessors, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments and amendments, modifications or supplements to any of the foregoing, in each case, as any Agent, or any Lender through the Administrative Agent, may require in its reasonable discretion from time to time in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by applicable law, subject any Loan Party's or any of its Subsidiaries' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Term Loan Collateral Documents and (iii) perfect and maintain the validity, effectiveness and priority of any of the Term Loan Collateral Documents and any of the Liens intended to be created thereunder.

cv. Each Borrower hereby authorizes the Administrative Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Mortgaged Property or other Collateral without the signature of any Borrower or Subsidiary Guarantor where permitted by law. A carbon, photographic or other reproduction of the Term Loan Collateral Documents or any financing statement covering the Mortgaged Property, other Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(68) Post-Closing Obligations.

cvi. No later than 30 days following the Effective Date (or such later date as the Administrative Agent may agree in its sole and absolute discretion), the Borrowers shall cause Parent to (and Parent hereby agrees to) enter into a subordination agreement with the Administrative Agent in respect of the Specified Parent Debt, which subordination agreement shall be satisfactory to the Administrative Agent in its sole and absolute discretion.

cvii. No later than 30 days following the Effective Date (or such later date as the Administrative Agent may agree in its sole and absolute discretion), the Borrowers shall have delivered (A) title opinions acceptable to the Administrative Agent, (B) Mortgages, (C) a Texas law mortgage legal opinion and (D) such other documents as the Administrative Agent may request, in each case covering the properties referred to by the Borrowers as the Don Larsen properties, and, in the case of the foregoing clause (A) only, the properties referred to by the Borrowers as the Sargent properties.

cviii. No later than 10 Business Days following the Effective Date (or such later date as the Administrative Agent may agree in its sole and absolute discretion), the Borrowers shall have delivered to the Administrative Agent Mortgages, such that the Term Loan Collateral Agent is satisfied in its sole and absolute discretion that such

Mortgages will (upon filing or recording in the appropriate jurisdictions) create and perfect the first priority Lien in all of the Specified Post Closing Properties.

cix.Promptly, but in no event later than 30 days following the Effective Date (or such later date as the Administrative Agent may agree in its sole and absolute discretion), the Loan Parties shall either (A) deliver to each relevant insurer of the Loan Parties an executed copy of an insurance payment instruction letter naming the Term Loan Collateral Agent as payee under the insurance policies set forth on Part 1 of Schedule 4.01(u), substantially in the form of Exhibit G hereto or (B) deliver to the Term Loan Collateral Agent and as a loss payee with respect to the insurance policies set forth on “all risk” coverages as set forth in the energy package as described in Part 1 of Schedule 4.01(u), an endorsement each such party naming the Term Loan Collateral Agent as loss payee as it relates to all Collateral and any other loss payee named therein as loss payee solely with respect to the collateral that such Person receives the benefit of (and clearly identified as not being loss payee with respect to the Collateral).

cx.Not later than 30 days following the Effective Date (or such later date as the Administrative Agent may agree in its sole and absolute discretion), GOM Operations shall have opened a new deposit account at Beal Bank USA and shall have caused it to become subject to the Beal Fully Blocked DACA.

Section g.. Negative Covenants

. Until the Repayment Event has occurred, the applicable parties referred to below shall comply with each of the following covenants:

(69) Liens, Etc. No Borrower or any Subsidiary of any Borrower shall create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including, without limitation, accounts) whether now owned or hereafter acquired, or sign or file or, or to its knowledge, suffer to exist, or permit any of its Subsidiaries to sign or file or to their knowledge suffer to exist, under the UCC of any jurisdiction, a financing statement that names such Borrower or any of its Subsidiaries as debtor, or sign or suffer to exist, or permit any of its Subsidiaries to sign or suffer to exist, any security agreement authorizing any secured party thereunder to file such financing statement, or assign, or permit any of its Subsidiaries to assign, any accounts or other right to receive income, except:

cx.i.Liens created under the Term Loan Collateral Documents; *provided* that such Liens only secure Debt permitted under Section 5.02(b)(i);

cxii.Excepted Liens;

cxiii.purchase money Liens upon or in real property or equipment acquired or held by the Borrowers or any of their Subsidiaries in the ordinary course of business to secure the purchase price of such property or equipment or to secure Debt incurred solely for the purpose of financing the acquisition of any such property or equipment to be

subject to such Liens, or Liens existing on any such property or equipment at the time of acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; *provided, however*, that no such Lien shall extend to or cover any property other than the property or equipment being acquired, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced; and *provided further* that the aggregate principal amount of the Debt secured by Liens permitted by this clause (iii) shall not exceed the amount permitted under Section 5.02(b)(iii) at any time outstanding;

cxiv. Liens arising by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights;

cxv. Liens arising from precautionary UCC financing statements regarding, and any interest or title of a licensor, lessor or sublessor under, any operating lease;

cxvi. pledges or deposits of Cash or Cash Equivalents securing deductibles, self-insurance, co-payment, co-insurance, retentions or similar obligations to providers of property, casualty or liability insurance in the ordinary course of business;

cxvii. in connection with any Debt permitted under Section 5.02(b)(x), Liens solely on the proceeds received or to be received by any Loan Party in connection with the termination of any insurance policy financed by such Debt; and

cxviii. other Liens incident to the ordinary course of business that are not incurred in connection with the incurrence of any Debt in respect of an aggregate amount of obligations with a value not to exceed \$1,000,000 at any one time outstanding.

(70) Debt. No Borrower or any Subsidiary of any Borrower shall create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Debt, except:

cxix. Debt under the Loan Documents;

cxx. Debt in respect of unsecured guarantees of Permitted Guaranteed Facilities; provided that if the aggregate principal amount of drawn loans under any Permitted Guaranteed Facilities increases after the Effective Date and, after giving effect to such increase, the aggregate principal amount of drawn loans under such Permitted Guaranteed Facilities exceeds \$[\*\*\*], the Loans shall be prepaid in accordance with and to the extent required by Section 2.04(b)(y);

cxxi. Debt secured by Liens permitted by Section 5.02(a)(iii); *provided* that Debt permitted to be incurred pursuant to this Section 5.02(b)(iii) shall not exceed in the aggregate, \$5,000,000 at any time outstanding;

cxxii. Debt owed to any Loan Party (other than Parent or any Parent Intermediate Entity that becomes a Guarantor), including the Specified Borrower Loan, which Debt shall (x) constitute Pledged Debt, (y) be on terms acceptable to the Administrative Agent in its sole and absolute discretion and (z) be otherwise permitted under Section 5.02(f);

cxxiii. to the extent constituting Debt, (A) Debt in respect of performance bonds, workers' compensation claims, unemployment insurance, employee compensation and benefits, bid bonds, appeal bonds, surety bonds, completion guarantees, indemnification obligations, obligations to pay insurance premiums, take or pay obligations, completion guarantees and similar obligations incurred in the ordinary course of business and not securing Debt for Borrowed Money and (B) letters of credit, bonds or similar instruments collateralized in full by amounts permitted under, and to the extent secured by a Lien described in, clause (d) of the definition of Excepted Liens;

cxxiv. non-current pay, non-amortizing, unsecured debt with a maturity date beyond the Maturity Date of the Loans, which is, subject to Section 5.01(p)(i), subordinated in right of payment in full to the Obligations, subject to execution by such junior debt lenders of a subordination agreement in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion;

cxxv. Guaranteed Debt of the Borrowers or any Subsidiary in respect of any Debt of the Borrowers or any Subsidiary otherwise permitted to be incurred under this Section 5.02(b);

cxxvi. Debt under company debit cards, stored value cards, commercial cards or cash management services incurred in the ordinary course of business in an amount not to exceed \$1,000,000 in the aggregate at any time outstanding;

cxxvii. Debt arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, so long as such Debt (i) does not exceed \$100,000 at any time outstanding or (ii) is extinguished within 10 Business Days of receipt of notice from the applicable financial institution of such occurrence;

cxxviii. Debt in respect of the financing of insurance premiums incurred in the ordinary course of business;

cxxix. Debt arising under Hedge Agreements permitted pursuant to Section 5.02(l);

cxiii. Specified Parent Debt; and

cxli. unsecured Debt incurred in the ordinary course of business in an aggregate amount not to exceed \$1,000,000 at any one time outstanding.

(71) Change in Nature of Business. Foreign Subsidiaries. No Borrower or any Subsidiary of any Borrower shall make, or permit any of its Subsidiaries to make, any material change in the nature of its business as carried on as of the date hereof. Neither Borrower nor any Subsidiary of any Borrower may cause its jurisdiction of organization to be anything other than a State of the United States of America and neither Borrower nor any Subsidiary of any Borrower may acquire or form any Subsidiary organized in a jurisdiction that is not a State of the United States of America.

(72) Mergers, Etc. No Borrower or any Subsidiary of any Borrower shall:

cxxxii. Merge into or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so; *provided* that any Subsidiary of any Borrower may merge into or consolidate with any other Subsidiary of any Borrower; *provided* that, in the case of any such merger or consolidation, the Person formed by such merger or consolidation shall be a wholly owned Subsidiary of a Borrower; *provided* that, in the case of any such merger or consolidation to which a Guarantor is a party, the Person formed by such merger or consolidation shall be a Guarantor.

cxxxiii. Change its legal form, liquidate or dissolve or enter into any Division.

cxxxiv. Except as permitted by Section 5.02(d)(i) above, make or permit any change in the upstream ownership of any Guarantor that is a Subsidiary of GOM Operations without the prior written consent of the Administrative Agent, such consent to be given or withheld in the Administrative Agent's sole and absolute discretion.

(73) Sales, Etc. of Assets. Without the prior written consent of the Required Lenders, which consent may be granted or withheld in each Required Lender's sole and absolute discretion, no Borrower or any Subsidiary of any Borrower shall sell, lease, license, transfer or otherwise dispose of, or permit any Subsidiary Guarantor to sell, lease, license, transfer or otherwise dispose of (including by way of Division), any assets, or grant any option or other right to purchase, lease or otherwise acquire, or permit any Subsidiary Guarantor to grant any option or other right to purchase, lease, license or otherwise acquire, any assets, except:

cxxxv. sales of Hydrocarbons in the ordinary course of such Person's business;

cxxxvi. sales, transfers or other dispositions in the ordinary course of its business of Property that is surplus, obsolete, defective, worn-out, damaged, or that individually or in the aggregate is not reasonably necessary for the continued operation of any Loan Party, which, in the case of any such individual sale, transfer or disposition (or series of related sales, transfers or dispositions) exceeding \$2,000,000 in value, shall be so certified by a Responsible Officer of the Borrower Representative and consented to by the Administrative Agent in its reasonable discretion; *provided*, that, during the term of this Agreement, no more than \$6,000,000 of Property may be sold, transferred or otherwise disposed of in reliance on this Section 5.02(e)(ii) without the consent of the Administrative Agent in its reasonable discretion;

cxxxvii.the liquidation, sale or use of Cash and Cash Equivalents;

cxxxviii.to the extent constituting Asset Sales, mergers permitted by Section 5.02(d), Investments permitted by Section 5.02(f) and Restricted Payments permitted by Section 5.02(g);

cxxxix.sales, transfers or other dispositions of assets among the Borrowers and Subsidiary Guarantors (so long as all such properties remain subject to the Liens of the Term Loan Collateral Documents);

cxli.sales, transfers or other dispositions of assets (other than Oil and Gas Properties constituting Proved Reserves), so long as such assets are exchanged for like-kind (replacement) assets or the proceeds of such sales, transfers or other dispositions are applied contemporaneously to acquire like-kind (replacement) property (which, in each case, will become Collateral); (provided that, in the case of any such sale, transfer or disposition of any Mortgaged Properties, the Borrower Representative shall deliver at least seven (7) Business Days' prior written notice of such transaction to the Administrative Agent, together with such detailed information as the Administrative Agent shall request in its reasonable discretion);

cxli.(A) the abandonment or lapse of intellectual property and (B) any transfer of Intellectual Property, in each case, which, does not materially impair, or which is not material to, the operation of the business of the Borrowers and their Subsidiaries;

cxlii.farmouts of unproven and undeveloped acreage (including, to the extent unproven and undeveloped, acreage that is the subject of the [\*\*\*] Trade) and assignments and customary joint operating agreements in connection with such farmouts (provided that, the Borrower Representative shall deliver at least seven (7) Business Days' prior written notice of such transaction to the Administrative Agent, together with such detailed information as the Administrative Agent shall request in its reasonable discretion);

cxliii.transfers of Property resulting from a Casualty Event or an Event of Eminent Domain;

cxliv.the termination, surrender or release of leases and subleases (other than Hydrocarbon Interests), in each case in the ordinary course of business to the extent the Borrower Representative determines in good faith, and the Administrative Agent is satisfied in its reasonable discretion, that such leases or subleases are not economic or the Borrowers have no right to extend or renew such lease or sublease;

cxlv.sales, transfers and other dispositions of Oil and Gas Properties the sale or other disposition of any Oil and Gas Property or any interest therein or any Subsidiary owning Oil and Gas Properties; provided that (1) 100% of the consideration received in respect of such sale or other disposition shall be cash, (2) the consideration received in respect of such sale or other disposition shall be equal to or greater than the fair market

value of the Oil and Gas Property, interest therein or Subsidiary subject of such sale or other disposition, as reasonably determined by the Borrower Representative and reasonably agreed to by the Administrative Agent and, if requested by the Administrative Agent, the Borrower Representative shall deliver a certificate of a Responsible Officer of the Borrower Representative certifying to that effect, (3) if any such sale or other disposition is of a Subsidiary owning Oil and Gas Properties, such sale or other disposition shall include all the Equity Interests of such Subsidiary, (4) the Borrowers shall comply with their obligations under Section 2.04(b)(iv), (5) no Default or Event of Default shall have occurred and be continuing or result therefrom, (6) the Borrower Representative shall deliver at least seven (7) Business Days' prior written notice of such transaction to the Administrative Agent, together with such detailed information as the Administrative Agent shall request in its sole and absolute discretion, (7) the aggregate consideration in respect of sales of Oil and Gas Properties constituting Proved Reserves shall not exceed \$10,000,000 in any Fiscal Year, (8) the aggregate amount of unproven acreage sold during the term of this Agreement under this Section 5.02(e)(xi) shall not exceed 20% (measured as a percentage of number of OCS blocks) of the unproven acreage owned by the Borrowers and their Subsidiaries as of the Effective Date, and (9) the Borrower Representative shall have delivered to the Administrative Agent a certificate that the foregoing requirements have been satisfied (or will be satisfied in the case of the obligation pursuant to Section 2.04(b)(iv)), attaching the material documentation related to such disposition and such other documentation as the Administrative Agent shall request in its sole and absolute discretion; and

cxlvi.the termination or unwinding of any Hedge Agreement;

Notwithstanding anything to the contrary in this Section 5.02(e), in no event shall the Borrowers or any Subsidiary (A) enter into any "DrillCo" transaction or similar transaction where the Borrowers or any Subsidiary conveys any Oil and Gas Property to any Person in exchange for the funding of any drilling or development costs or (B) dispose of, issue or carve out any overriding royalty interest or other royalty interest from any of its Oil and Gas Properties.

(74) Investments in Other Persons. No Borrower or any Subsidiary of any Borrower shall make or hold, or permit any of its Subsidiaries to make or hold, any Investment in any Person, except:

cxlvii.Investments by and among the Borrowers and Subsidiary Guarantors;

cxlviii.Investments by the Borrowers and their Subsidiaries in (A) Cash and Cash Equivalents, (B) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal and interest on which are fully guaranteed by the United States of America and (C) certificates of deposit fully insured by the Federal Deposit Insurance Corporation in national, state or foreign commercial banks whose outstanding long term debt is rated at least A or the equivalent by S&P or Moody's;



cxlix.to the extent constituting Investments, Investments in contracts and agreements (including, without limitation, Hedge Agreements), including prepaid deposits and expenses thereunder, to the extent permitted under the Loan Documents;

cl.Investments received in connection with the bankruptcy or reorganization of suppliers or customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business;

cli.loans and advances to officers, directors and employees of any Borrower or any Subsidiary for reasonable and customary business related travel expenses, moving expenses and similar expenses incurred in the ordinary course of business of such Borrower or Subsidiary in an aggregate principal amount at any time outstanding not exceeding \$500,000;

clii.Investments by any Borrower or its Subsidiary in the Excluded JV in an aggregate principal amount during the term of this Agreement not exceeding \$500,000; and

cliii.so long as no Default has occurred and is then continuing at the time of making such Investment, Investments with Distributable Cash.

Notwithstanding anything to the contrary in this Section 5.02(f), Parent hereby agrees, that, except for projects permitted under Section 5.02(w), (x) all Investments made by Parent or any Subsidiary with respect to any Gulf of Mexico projects, properties or businesses, and (y) all acquisitions (including entering into a lease for) of any Oil and Gas Properties located in the Gulf of Mexico will, in each case, be made by a Borrower or a Subsidiary Guarantor and not by any other Subsidiary of Parent.

(75) Restricted Payments. No Borrower or any Subsidiary of any Borrower shall declare or pay any dividends, purchase, redeem, retire, defease, repay or otherwise acquire for value any of its Equity Interests or Debt issued to any direct or indirect parent entity of any Borrower (including any principal or interest payment in respect of Specified Parent Debt), now or hereafter outstanding, return any capital to its stockholders, partners or members (or the equivalent Persons thereof) as such, make any distribution of assets, Equity Interests, obligations or securities to its stockholders, partners or members (or the equivalent Persons thereof) as such, or permit any of its Subsidiaries to do any of the foregoing, or permit any of its Subsidiaries to purchase, redeem, retire, defease or otherwise acquire for value any Equity Interests in any Borrower (each a “**Restricted Payment**”); except that:

cliv.any Subsidiary Guarantor or Borrower may make Restricted Payments to any Borrower or any other Subsidiary Guarantor; provided that no Restricted Payments under this clause (i) may be made with proceeds contained in the Loan Proceeds Account or with Loan proceeds;

clv.[reserved];

clvi.the Borrowers and their Subsidiaries may make Restricted Payments in the form of Equity Interests that do not constitute Disqualified Equity Interests;

clvii.Holdings may make a cash principal repayment to Parent in respect of the Specified Parent Debt on the Effective Date using the proceeds from the Specified Borrower Loan and other cash on hand in an amount not to exceed \$100,000,000 (the “*Effective Date Parent Debt Repayment*”);

clviii.in addition to the cash distribution permitted under clause (iv) above, during the period from the Effective Date through and including December 31, 2020, the Borrowers may make cash distributions from the Revenue Account, in an aggregate amount not to exceed the lesser of (A) \$50,000,000 and (B) the aggregate amount of Revenues received by the Borrowers and their Subsidiaries during such period; provided, that, (1) contemporaneously with the making of any such Restricted Payment, the Borrower Representative shall deliver notice thereof to the Administrative Agent specifying and certifying to (x) the amount of such Restricted Payment and (y) the aggregate amount of Revenues received by the Borrowers and their Subsidiaries during the period between the Effective Date and the date of such Restricted Payment (which certificate shall include such supporting information and documentation as the Administrative Agent shall request) and (2) no Restricted Payments under this clause (v) may be made with proceeds contained in the Loan Proceeds Account or with Loan proceeds; and

clix.in addition to the cash distributions permitted in the clauses above, the Borrowers may make Restricted Payments with Distributable Cash from and after the delivery of the Excess Cash and Distributable Cash Certificate pursuant to Section 5.03(j) with respect to the Fiscal Quarter ending December 31, 2020; provided, that, for the avoidance of doubt, no Restricted Payments under this Section 5.02(g)(vi) may be made with funds contained in the Loan Proceeds Account or with Loan proceeds.

(76) Amendments of Constitutive Documents. No Borrower or any Subsidiary of any Borrower shall amend, or permit any of its Subsidiaries to amend, its bylaws, limited liability company agreement, limited partnership agreement or other constitutive documents, other than amendments in respect of the constitutive documents of such Person in a manner that could reasonably be expected to have an adverse effect on the rights of the Lenders (it being understood that GOM Management each hereby agrees to be bound by the covenant set forth in this Section 5.02(h)); *provided* that any amendment that removes provisions opting into Article 8 of the UCC shall be deemed to have an adverse effect on the rights of the Lenders.

(77) Accounting Changes. No Borrower or any Subsidiary of any Borrower shall make or permit, or permit any of its Subsidiaries to make or permit, and Parent shall not permit, any change in (i) accounting policies or reporting practices, except, with prior written notice to the Administrative Agent, as permitted or required by GAAP, or (ii) Fiscal Year.

(78) Prepayments, Etc., of Debt. No Borrower or any Subsidiary of any Borrower shall voluntarily repay, redeem, purchase, defease or otherwise satisfy prior to the

scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Debt that is expressly subordinated to the Obligations hereunder, or that is secured and the Liens securing such Debt rank behind the Liens created by the Term Loan Collateral Documents, or that consists of Permitted Guaranteed Facilities, in each case, except scheduled payments of interest as and when due.

(79) Partnerships; Formation of Subsidiaries, Etc.

clx.No Borrower or any Subsidiary of any Borrower shall become a general partner in any general or limited partnership or joint venture, or permit any of its Subsidiaries to do so (other than in the Excluded JV);

clxi.No Borrower or any Subsidiary of any Borrower shall acquire, form or organize or permit any Subsidiary to acquire, form or organize any new Subsidiary; *provided* that the Borrowers or any Subsidiary Guarantor may acquire, form or organize one or more new Subsidiaries so long as such new Subsidiary shall (I) be wholly-owned by such Loan Party, (II) have no Debt (other than Debt permitted under Section 5.02(b)) and (III) take all actions required pursuant to Section 5.01(l), including to become a Guarantor, and all of the Equity Interests issued by such new Subsidiary and all of such new Subsidiary's Property (including 100% of the Oil and Gas Properties owned by such Subsidiary) shall be pledged to the Term Loan Collateral Agent for the benefit of the Secured Parties in accordance with this Agreement and the Term Loan Collateral Documents; or

clxii.Parent shall not acquire, form or organize or permit any Subsidiary of Parent to acquire, form or organize any new Intermediate Parent Entity unless such new Subsidiary of Parent shall take all actions required pursuant to Section 5.01(l).

(80) Hedge Agreements. No Borrower or any Subsidiary of any Borrower shall enter into, or permit any Subsidiary to enter into, any hedging activity or Hedge Agreement, except (i) Hedge Agreements in existence as of the Effective Date and listed on Schedule 4.01(s) so long as none of the terms thereof are modified after the Effective Date, and (ii) Hedge Agreements entered into after the Effective Date in respect of commodities entered into not for speculative purposes and for market prices at the time entered into, the notional volumes for which (when aggregated with other commodity Hedge Agreements then in effect other than basis differential swaps on volumes already hedged pursuant to other Hedge Agreements) do not exceed, as of the date such Hedge Agreement is entered into (and for each month during the period during which such Hedge Agreement is in effect), 50% of the reasonably anticipated production of crude oil, natural gas, and natural gas liquids and condensate, in each case, as such production is projected from the Borrowers' and their Subsidiaries' Proved Developed Producing Reserves as set forth on the most recent Reserve Report delivered or prepared pursuant to the terms of this Agreement; provided, however, that such Hedge Agreements shall not, in any case, have a tenor of longer than 24 months from any date of determination. It is understood that Hedge Agreements in respect of commodities which may, from time to time, "hedge" the same volumes, but different elements of commodity risk thereof, shall not be aggregated together when calculating the foregoing limitations on notional volumes.

(81) Capital Expenditures. No Borrower or any Subsidiary of any Borrower shall make, or permit any of its Subsidiaries to make any Capital Expenditures or acquire any interest in any additional Oil and Gas Properties, other than:

clxiii.any Maintenance Capital Expenditures;

clxiv.any Growth Capital Expenditures in connection with the Oil and Gas Properties listed on Schedule 5.02(m); or

clxv.any Growth Capital Expenditures or acquisitions of Oil and Gas Properties to the extent funded with Distributable Cash.

(82) Amendment, Etc., of Material Contracts.

clxvi.No Borrower or any Subsidiary of any Borrower shall cancel or terminate any Material Contract or consent to or accept any cancellation or termination thereof, amend or otherwise modify any Material Contract, waive any default under or breach of any Material Contract, agree in any manner to any other amendment, modification, waiver or change of any term or condition of any Material Contract, or permit any of its Subsidiaries to do any of the foregoing, unless (x) such cancellation, termination, amendment, modification, waiver or change could not reasonably be expected to have a Material Adverse Effect, (y) such Material Contract has been replaced as set forth in Section 6.01(m), or (z) such Material Contract has expired in accordance with its terms in the ordinary course (and not related to any default thereunder).

clxvii.Neither Parent, nor any Borrower nor any Subsidiary of any Borrower shall enter into any material amendment, modification, waiver, consent or other modification to the Permitted Guaranteed Facilities (or permit any Subsidiary to enter into any amendment, modification, waiver, consent or other modification to the Permitted Guaranteed Facilities) without the consent of the Required Lenders, other than effectuate a refinancing thereof as described in clause (c) of the definition of “Permitted Guaranteed Facilities” or any amendment to any Permitted Guaranteed Facility if such Permitted Guaranteed Facility, as so amended, would have been permitted as a refinancing thereof as described in such clause (c) of the definition of “Permitted Guaranteed Facilities.

(83) Use of Proceeds. Neither Parent, any Borrower or any Subsidiary of Parent or any Borrower shall request any Borrowing or use, or permit any of its Subsidiaries and its and their respective directors, officers, employees and agents to use, the proceeds of any Borrowing, directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) to fund, finance or facilitate any activities, business or transaction of, with, or for the benefit of any Sanctioned Person or in any Sanctioned Country, except to the extent permitted for a Person required to comply with Sanctions and Export Control Laws, or (c) in any manner that would result in the violation of any Sanctions and Export Control Laws applicable to any party hereto.

(84) Burdensome Restrictions. No Borrower or any Subsidiary of any Borrower shall enter into, incur or permit to exist (nor permit any Subsidiary to enter into, incur or permit to exist) any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Person or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any of its Equity Interests or to make or repay loans or advances to any Borrower or any other Subsidiary Guarantor or to guarantee Debt of any Borrower or any other Subsidiary; *provided* that (i) the foregoing shall not apply to restrictions and conditions imposed by any applicable law or by any Permitted Guaranteed Facility as in effect on the Effective Date, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 5.02(p) (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Debt permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Debt and (v) clause (a) of the foregoing shall not apply to customary provisions in leases restricting the assignment thereof.

(85) Transactions With Affiliates. No Borrower or any Subsidiary of any Borrower shall sell, lease or otherwise transfer (nor permit any Subsidiary to sell, lease or otherwise transfer) any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (i) transactions that (A) are in the ordinary course of business and (B) are at prices and on terms and conditions not less favorable to such Loan Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (ii) transactions between or among the Loan Parties (other than Parent or any Intermediate Parent Entity that becomes a Guarantor) not involving any other Affiliate, (iii) any Investment permitted by Section 5.02(f)(i), (iv) any Debt permitted under Section 5.02(b)(iv), (v) any Restricted Payment permitted by Section 5.02(g), (vi) loans or advances to employees permitted under Section 5.02(f)(y), and (vii) any expense reimbursements made by any Borrower or any Subsidiary of a Borrower to a Subsidiary of Parent (that is not a Borrower or a Subsidiary of a Borrower) pursuant to a technical services agreement or similar agreement (a "**Services Agreement**"), solely to the extent that, in the case of this clause (vii), (A) the Borrowers shall have delivered a true and correct copy of such Services Agreement to the Administrative Agent, and (B) the Borrowers and their Subsidiaries shall at no time and in no event be obligated to pay any expenses thereunder that are in excess of their proportionate share of such expenses based on the services actually received from such Subsidiary of Parent (and, if requested by the Administrative Agent, the Borrowers shall deliver such supporting documentation or information demonstrating that the expenses so paid or reimbursed are proportionate to the services and benefits received by the Borrowers and their Subsidiaries).

(86) Accounts. No Borrower or any Subsidiary of any Borrower shall open or maintain any deposit accounts, securities accounts, or commodity accounts unless concurrently therewith, the Administrative Agent shall have received an Account Control Agreement with respect thereto, executed by the applicable Borrower or Subsidiary and the institution at which the applicable account is maintained (unless such account is an Excluded Account).

(87) Maximum G&A. Commencing with the four-Fiscal Quarter Period ending on September 30, 2021, the Borrowers shall not permit the aggregate amount of G&A to exceed the G&A Cap during any period of four consecutive Fiscal Quarters.

(88) Settlements. No Borrower or any Subsidiary of any Borrower shall enter into any settlement agreement in connection with any litigation or proceeding which, together with any other settlement agreements entered into by any of the Borrowers or any of their Subsidiaries since the Effective Date, results in payment obligations or liability of the Borrowers and their Subsidiaries in excess of \$10,000,000 in the aggregate since the Effective Date, unless such payment obligations or liability are fully covered by insurance policies (excluding any deductibles required to be paid under such insurance policies or self-insured retention obligations in any amount not to exceed \$100,000).

(89) Gas Imbalances, Prepayments. No Borrower or any Subsidiary of any Borrower shall permit, on a net basis there to exist any gas imbalances, take or pay or other prepayments which would require the Borrowers or any of their Subsidiaries to deliver Hydrocarbons produced from the Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor exceeding one-half bcf of gas (on an mcf equivalent basis) in the aggregate.

(90) Marketing of Production. Other than as set forth on Schedule 4.01(gg), no Borrower or any Subsidiary of any Borrower shall permit any agreements for marketing of production to exist, which are not cancelable on 90 days' notice or less without penalty or detriment for the sale of production from the Borrowers' or their Subsidiaries' Hydrocarbons (including without limitation calls on or other rights to purchase, production, whether or not the same are currently being exercised) that (i) pertain to the sale of production at a fixed price and (ii) have a maturity or expiry date of longer than six (6) months from the date thereof.

(91) Non-Lender Financed Capital Expenditures. Parent will not permit any of its Subsidiaries (that are not Borrowers or Subsidiary Guarantors) to enter into or make any Capital Expenditure or acquire the Equity Interests of any Person, in each case with respect to, or that owns, as applicable, projects in the Gulf of Mexico, unless the following conditions precedent have been satisfied:

clxviii. Such Capital Expenditure or other acquisition is for a cost or price in excess of \$100,000,000.

clxix. Such Capital Expenditure or acquisition is funded (x) by seller-financing, (y) some combination of seller financing, equity consideration and Cash on hand (other

than any Cash of any Borrower or any of their Subsidiaries), or (z) third party debt financing that complies with the following:

q. Prior to making any such Capital Expenditure or any such acquisition of Equity Interests with any debt financing (other than 100% seller financing), the Borrower Representative shall provide to the Lenders the opportunity to fund Incremental Term Loans on the same terms and conditions as are applicable to Term A Loans or any other debt financing that is on terms similar to those Term A Loans (with such adjustments as the Lenders may propose in their reasonable discretion to reflect the circumstances of such proposed financing), to finance the proposed Capital Expenditure or acquisition. In the event any Lender(s) elect, in their sole discretion, to fund such Incremental Term Loans or other loans in an amount (1) sufficient to finance 100% of such Capital Expenditure or (2) that is equal to or higher than the highest bona fide amount that a third party debt financing source was willing to lend in connection with such Capital Expenditure, (x) such Incremental Term Loans or other loans shall be accepted by the Borrowers as the sole source of debt financing for such proposed Capital Expenditure and funded in accordance with the terms of Section 2.14 (or such other debt documents, as applicable) and (y) any assets acquired in connection with the Capital Expenditure financed by such Incremental Term Loans or other loans shall be owned by the Borrowers or a Subsidiary Guarantor. Should the Lenders, in their sole and absolute discretion, elect not to fund such Incremental Term Loans or other loans, the Borrower Representative and/or Parent or another Subsidiary of Parent may seek alternative debt financing sources; and

r. In the event the Lenders do not initially elect to fund Incremental Term Loans set forth in clause (A), prior to the consummation of any such Capital Expenditure or acquisition, the Borrower Representative shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Borrower Representative, together with information requested by Administrative Agent in its sole and absolute discretion, certifying as to the highest amount of debt financing for which the Borrowers received a bona fide offer from a third party debt financing source in connection with such Capital Expenditure or acquisition. In the event the Lenders confirm that they do not elect to provide Incremental Term Loans or other loans in the amount set forth in the immediately preceding sentence in accordance with clause (A) above, the Parent may or may cause one of its Subsidiaries (other than the Borrowers or their Subsidiaries) enter into such Capital Expenditure or acquisition to the extent otherwise permitted under the terms of this Agreement.

(92) Holding Company Covenant. Parent agrees not to permit any Parent Intermediate Entity to, and GOM Holdings agrees not to, conduct any operating business, or own

any assets other than Equity Interests in direct subsidiaries, and Parent agrees to at all times cause the Equity Interests in GOM Holdings to be free and clear of all Liens.

Section h.. Reporting Requirements

. Until a Repayment Event has occurred, the Borrower Representative will furnish to the Agents:

(93) Notice of Material Events. As soon as possible and in any event within five (5) days after the Borrower Representative or any other Loan Party obtains knowledge thereof:

clxx.the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect or to materially impair or interfere with the business operations of the Borrowers and their Subsidiaries, a written statement of a Responsible Officer of the Borrower Representative setting forth details of such Default, event, development or occurrence and the action that the Borrowers have taken and propose to take with respect thereto;

clxxi.any material breach or default, any allegation of material breach or default, or any material event, development or occurrence under any Material Contract, a written statement of an officer of the Borrower Representative setting forth details of such breach, default, allegation, event, development or occurrence and the action that the Borrowers have taken and propose to take with respect thereto;

clxxii.receipt of any written notice of any investigation by a Governmental Authority or any litigation or proceeding commenced or threatened against any Loan Party or any Subsidiary of any Borrower that (i) seeks damages in excess of \$5,000,000, (ii) seeks injunctive relief, (iii) alleges criminal misconduct by any Loan Party or any Subsidiary of any Borrower, or (iv) asserts liability on the part of any Loan Party or any Subsidiary of any Borrower in excess of \$5,000,000 in respect of any Tax;

clxxiii.any Lien (other than Permitted Liens) or claim made or asserted against any of the Collateral;

clxxiv.any change in any Loan Party's information set forth on Schedule 4.01(b) or Schedule 4.01(c) or the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification.

(94) Annual Financials. As soon as available and in any event within 90 days after the end of each Fiscal Year of the Borrowers (or, if earlier, fifteen (15) days after the date Parent is required to file its annual 10-K with the SEC (without giving effect to any extension permitted by the SEC)), a copy of the annual audit report for such year for the Parent and its Subsidiaries, including therein a Consolidated balance sheet of the Parent and its Subsidiaries as of the end of such Fiscal Year and a Consolidated statement of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for such Fiscal Year, in each case



accompanied by (i) an opinion as to such audit report of one of the “big four” accounting firms or such other independent public accountants of recognized standing who are acceptable to the Administrative Agent in its sole and absolute discretion that is without a “going concern” or similar qualification and (ii) a certificate of a Responsible Officer of Parent (A) certifying such financial statements as having been prepared in accordance with GAAP and (B) stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrowers have taken and propose to take with respect thereto.

(95) Semi-Annual Financials. As soon as available and in any event within (i) forty-five (45) days after each of June 30 and December 31 of each year (or, if earlier, fifteen (15) days after the date Parent is required to file a 10-Q with the SEC with respect to the Fiscal Quarter ended as of such date (without giving effect to any extension permitted by the SEC)), a Consolidated balance sheet of GOM Holdings and its Subsidiaries as of such date and a Consolidated statement of income of GOM Holdings and its Subsidiaries for the portion of the applicable Fiscal Year then-elapsed as of such date and a Consolidated statement of income of the GOM Holdings and its Subsidiaries for the portion of the applicable Fiscal Year then-elapsed as of such date, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to normal year-end audit adjustments) by a Responsible Officer of GOM Holdings as having been prepared in accordance with GAAP, together with a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Borrowers have taken and propose to take with respect thereto, *provided* that, in the event such information includes financial information with respect to the Excluded JV (and such Excluded JV is not a Subsidiary Guarantor as of such date) on the date such financials are being delivered, such financials shall include a consolidating balance sheet, consolidating statement of income and consolidating statement of cash flows.

(96) Annual Budget. As soon as available and in any event no later than fifteen (15) days before the start of each Fiscal Year, commencing with the Fiscal Year commencing January 1, 2021 (or such later date as the Administrative Agent may agree in its sole and absolute discretion), an annual operating and Capital Expenditure budget, prepared on a quarterly basis for such Fiscal Year in substantially the same form as the Initial Operating Budget or in form otherwise acceptable to the Administrative Agent in its sole and absolute discretion (with respect to each such Fiscal Year, the “**Budget**”), which Budget shall be certified by a Responsible Officer of the Borrower Representative as having been prepared in good faith based upon assumptions believed by the Borrower Representative to be reasonable at the time made.

(97) Litigation. Promptly after the commencement thereof, notice of all actions, suits, litigation and proceedings before any Governmental Authority of the type described in Section 4.01(g) and/or Section 6.01(g).

(98) Agreement Notices; Etc.

clxxv. Promptly, but in any event within five (5) calendar days of execution, after execution thereof, copies of any Material Contract entered into by the Borrowers or any Subsidiary Guarantor after the date hereof;

clxxvi. promptly (but in any event within ten (10) days) following any request therefor by the Administrative Agent (which request may be made, by the Administrative Agent in its sole and absolute discretion), a Consent and Agreement substantially in the form of Exhibit E, in respect of such Material Contract; provided, that the Borrowers shall be in compliance with this Section 5.03(f)(ii) if it uses commercially reasonable efforts to promptly obtain and furnish each such Consent and Agreement at the time it or its applicable Subsidiary enters into any such Material Contract;

clxxvii. promptly upon execution thereof, copies of any amendment, modification or waiver of any provision of any Material Contract;

clxxviii. promptly, but in any event within five (5) calendar days, notice of any termination of any Material Contract;

clxxix. promptly upon a Responsible Officer becoming aware thereof (A) notice of the occurrence of (or anticipated occurrence of) any material default or “event of default” under any Permitted Guaranteed Facility or any Debt incurred under clause (vii) of Section 5.02(b) and (B) copies of any correspondence among the parties to any Permitted Guaranteed Facility or any Debt incurred under clause (vii) of Section 5.02(b) with respect to any material default or “event of default” or other material breach thereof by any party thereto; and

clxxx. promptly upon a Responsible Officer of Parent becoming aware of any material development in any investigation or other governmental proceeding in respect of any alleged non-compliance of any Loan Party or any Subsidiary thereof with any Anti-Corruption Laws.

(99) ERISA.

clxxxi. ERISA Events and ERISA Reports. (A) Promptly and in any event within 10 Business Days after any Loan Party or any ERISA Affiliate knows or has reason to know that any ERISA Event has occurred that could reasonably be expected to result in liability in excess of \$5,000,000, a statement of a Responsible Officer of the Borrower Representative describing such ERISA Event and the action, if any, that such Loan Party or such ERISA Affiliate has taken and proposes to take with respect thereto and (B) within ten (10) Business Days after the date any records, documents or other information must be furnished to the PBGC with respect to any Plan pursuant to Section 4010 of ERISA, a copy of such records, documents and information.

clxxxii. Plan Terminations. Promptly and in any event within ten Business Days after receipt thereof by any Loan Party or any ERISA Affiliate, copies of each notice

from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan.

clxxxiii. Multiemployer Plan Notices. Promptly and in any event within ten Business Days after receipt thereof by any Loan Party or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability that could reasonably be expected to result in liability in excess of \$5,000,000 by any such Multiemployer Plan, (B) the insolvency or termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan that could reasonably be expected to result in liability in excess of \$5,000,000 or (C) the amount of liability incurred, or that may be incurred, by such Loan Party or any ERISA Affiliate in connection with any event described in clause (A) or (B).

(100) Environmental Conditions.

clxxxiv. Provide all written notices and perform all other reporting requirements set forth in Section 5.01(c).

clxxxv. Promptly after the assertion or occurrence thereof, provide notice of any Environmental Action against or of any noncompliance known to the Borrower Representative by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that could (i) reasonably be expected to have a Material Adverse Effect (or to materially impair or interfere with the business operations of the Borrowers or any of their Subsidiaries) or (ii) cause any property described in the Mortgages to be subject to any restrictions on use, ownership, operation or transferability, or subject to any material Lien, under any Environmental Law.

(101) Insurance.

clxxxvi. Promptly after the Borrower Representative gains knowledge of the occurrence thereof, a report summarizing any changes in the insurance coverage of the Borrowers and their Subsidiaries resulting from a change in the insurance markets of the type described in Schedule 5.01(d).

clxxxvii. Promptly after the occurrence thereof, notice of any Casualty Event or Event of Eminent Domain affecting any Loan Party, whether or not insured, through fire, theft, other hazard or casualty involving a probable loss of \$1,000,000 or more.

clxxxviii. Promptly after receipt thereof, copies of any cancellation or receipt of written notice of threatened cancellation of any property damage insurance required to be maintained under Section 5.01(d).

(102) Excess Cash Flow. Commencing with the Fiscal Quarter ending December 31, 2020, and for each Fiscal Quarter thereafter, promptly, but in any event not later than the fifteenth (15<sup>th</sup>) Business Day following the last day of such Fiscal Quarter, an Excess Cash and Distributable Cash Certificate; *provided* that, with respect to each Fiscal Quarter ending

December 31<sup>st</sup> of each Fiscal Year, the Borrower Representative shall furnish such Excess Cash and Distributable Cash Certificate on January 31<sup>st</sup> of the next Fiscal Year (or, if such date is any day other than a Business Day, on the next succeeding Business Day). It is understood and agreed that the Total PDP PV-10 that will be contained in each Excess Cash and Distributable Cash Certificate will be as calculated by the Administrative Agent and provided to the Borrower Representative prior to the due date for such Excess Cash and Distributable Cash Certificate.

(103) Patriot Act, Etc. Promptly following any request therefor, (i) such other information regarding the operations, changes in ownership of Equity Interests, business affairs and financial condition of any Loan Party or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may request in its sole and absolute discretion, and (ii) information and documentation requested by the Administrative Agent or any Lender in its sole and absolute discretion for purposes of compliance with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation.

(104) Other Reports and Filing. To the extent not otherwise delivered hereunder, promptly after the filing or delivery thereof, copies of all material financial information, proxy materials and reports, if any, which the Parent or any of its Subsidiaries shall publicly file with the U.S. Securities and Exchange Commission or any successor thereto (the “SEC”) (which delivery requirement shall be deemed satisfied by the posting of such information, materials or reports on EDGAR or any successor website maintained by the SEC so long as the Administrative Agent shall have been promptly notified in writing by the Borrower Representative of the posting thereof) or deliver to holders (or any trustee, agent or other representative therefor) of any Debt permitted pursuant to Section 5.02(b).

(105) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Loan Party or any of its Subsidiaries as any Agent, or any Lender through the Administrative Agent, may from time to time request in its sole and absolute discretion.

(106) Hedge Agreements. Concurrently with any delivery of financial statements under Section 5.03(c) and the delivery or preparation of engineering information pursuant to Section 5.03(m), a certificate of a Responsible Officer, in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion, setting forth as of a recent date, a true and complete list of all Hedge Agreements of the Borrowers and the Subsidiary Guarantors, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark-to-market value therefor, any new credit support agreements relating thereto not listed on Schedule 4.01(s), any margin required or supplied under any credit support document, and the counterparty to each such agreement.

(107) Sales of Oil and Gas Properties and Terminations of Commodity Hedge Agreements. In the event the Borrowers or any Subsidiary intends to sell, transfer, assign or otherwise dispose of any Oil and Gas Properties or any Equity Interests in any Subsidiary or to terminate or otherwise monetize any commodity Hedge Agreement, in each case in accordance

with Section 5.02(e), reasonable prior written notice (and in any event not less than five (5) Business Days' prior notice) of such disposition, the price thereof and the anticipated date of closing and any other details thereof requested by the Administrative Agent or any Lender.

(108) Production Report and Lease Operating Statements.

clxxxix. Within thirty (30) days after the end of each Fiscal Quarter, a report setting forth, for each calendar month during the then current Fiscal Year to date, the volume of production and sales attributable to production (and the prices at which such sales were made and the Revenues derived from such sales) for each such calendar month from the Oil and Gas Properties, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month, and setting forth the operator of record for the Oil and Gas Properties.

cx. With respect to each field in which the Borrowers or any of their Subsidiaries engages in any operation of its Oil and Gas Properties, a report setting forth, for each calendar month during the then current Fiscal Year to date, the volume of production and sales attributable to production (and the prices at which such sales were made and the Revenues derived from such sales) for each such calendar month from the Oil and Gas Properties, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month, and setting forth the operator of record for the Oil and Gas Properties, within fifteen (15) Business Days after such report becomes available to the Borrowers.

cxci. Promptly upon request from the Administrative Agent, such other information relating to production and expenses associated with the Oil and Gas Properties including any such information presented on a well by well basis.

(109) Lists of Purchasers. Promptly upon request from the Administrative Agent, a list of all Persons purchasing Hydrocarbons from the Borrowers or any of their Subsidiaries to the extent that any Loan Party controls the marketing and the sale of such Hydrocarbons that account for greater than 10% of the Revenues resulting from the sale of all Hydrocarbons from the Borrowers and their Subsidiaries during the period elapsed since the delivery or preparation of the last Reserve Report (which listings shall include, with respect to each such purchaser, the legal name and address thereof, the appropriate contact person thereat, the Oil and Gas Properties from which Hydrocarbons were purchased and the volume of Hydrocarbons purchased).

(110) G&A. Within forty-five (45) days following the end of each Fiscal Year, commencing with the Fiscal Year ending December 31, 2021, a certificate of the Borrower Representative demonstrating compliance with Section 5.02(s), which shall include reasonably detailed supporting calculations of G&A during the four-Fiscal Quarter period then ending.

(111) Plugging and Abandonment Information. Promptly upon request from the Administrative Agent, such information relating to the plugging and abandonment and other

asset retirement obligations, and other Decommissioning Activities, of the Borrowers and their Subsidiaries as the Administrative Agent request including such information as is sufficient for the Decommissioning Consultant (or any other relevant consultant selected by the Administrative Agent) to update and/or prepare such reports and analysis as the Administrative Agent shall elect to request (it being understood that such reports shall be at the Lenders' expense unless an Event of Default is continuing). In addition, to the extent that, after the Effective Date, any Borrower or any Subsidiary of a Borrower obtains any third party reports analyzing the plugging and abandonment and other asset retirement obligations of, and other Decommissioning Activities, of the Borrowers and their Subsidiaries, the Borrowers shall promptly deliver a copy thereof to the Administrative Agent and the Borrowers shall use commercially reasonable efforts to cause the preparer of such reports to expressly state in such report or in a separate letter that the Administrative Agent and the Lenders may rely on the information and conclusions contained in such report.

Documents required to be delivered pursuant to Section 5.03(b) or (c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Parent or the Borrower Representative posts such documents, or provides a link thereto on the Internet at the Parent's website address or (ii) on which such documents are posted on the Borrowers' behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that: (i) the Borrower Representative shall deliver paper copies of such documents to the Administrative Agent or any Lender following a request to the Borrower Representative to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower Representative shall notify the Administrative Agent and each Lender (by fax transmission or e-mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower Representative with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

## Article VI.

### EVENTS OF DEFAULT

#### Section i.. Events of Default

. If any of the following events ("*Events of Default*") shall occur and be continuing:

(112) Payment Defaults. (i) The Borrowers shall fail to pay any principal of any Loan when the same shall become due and payable or (ii) the Borrowers shall fail to pay any other payment under any Loan Document (including interest on any Loan) within three (3) Business Days after the same shall become due and payable;

(113) Misrepresentation. Any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Loan Document shall prove to have been incorrect in any material respect when made (or, with respect to any representation or warranty that is qualified by materiality or “Material Adverse Effect”, any representation or warranty shall prove to have been incorrect in any respect when made); *provided, however*, that if (i) such Loan Party was not aware that such representation or warranty was false or incorrect at the time such representation or warranty was made, (ii) the fact, event or circumstance resulting in such false or incorrect representation or warranty is capable of being cured, corrected or otherwise remedied and (iii) such fact, event or circumstance resulting in such false or incorrect representation or warranty shall have been cured, corrected or otherwise remedied, within fifteen (15) days from the date on which the Borrower Representative or any officer thereof first obtains knowledge thereof such that such incorrect or false representation or warranty (as cured, corrected or remedied) could not reasonably be expected to result in a Material Adverse Effect, then such incorrect or false representation or warranty shall not constitute a Default or Event of Default;

(114) Certain Covenants. Any Borrower or any other Loan Party (as applicable) shall fail to perform or observe any term, covenant or agreement contained in Section 2.11, 5.01(d), (e), (h), (i), (k), (l) and (p), Section 5.02, or Section 5.03(a), (b), (c), or (j); or any Borrower or any other Loan Party (as applicable) shall suspend or threaten in writing to either cease or suspend the carrying on of its business in accordance with any term, covenant or agreement contained in Section 5.01(h); or it becomes unlawful in any pertinent jurisdiction or impossible for any Loan Party to perform any material obligation or covenant under any Loan Document or to comply with any other obligation which is material in the context of the Loan Documents;

(115) Other Covenants. Any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for thirty (30) days after the earlier of the date on which (i) any Responsible Officer of a Loan Party becomes aware of such failure or (ii) written notice thereof shall have been given to the Borrower Representative by any Agent or any Lender;

(116) Cross Default. Any of Parent, the Borrowers or any of their Subsidiaries shall fail to pay any principal of, premium or interest on or any other amount payable in respect of any Debt of such Person (as the case may be) that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least \$10,000,000 either individually or in the aggregate for all such Persons (but excluding Debt outstanding hereunder), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such

Debt to mature; or any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof;

(117) Insolvency Event. Any Loan Party or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by (or the board of directors or similar governing body of any such Loan Party or Subsidiary shall approve the filing or institution by) or against any Loan Party or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of sixty (60) days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or any Loan Party or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (f);

(118) Judgments. Any final judgments or orders, either individually or in the aggregate, for the payment of money in excess of (i) \$10,000,000, in the case of judgments or orders that are superior in right of payment to any Obligation under this Agreement or (ii) \$10,000,000, in the case of any other judgment or order, in each case, shall be rendered against any Loan Party by one or more Governmental Authorities, arbitral tribunals or other bodies having jurisdiction against such Person and either (x) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (y) there shall be any period of sixty (60) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect or such judgment or order has not been otherwise discharged or satisfied within such sixty (60) day period; and *provided, however*, that any such judgment or order shall not give rise to an Event of Default under this Section 6.01(g) if and for so long as (A) the amount of such judgment or order in excess of the thresholds listed above is covered by a valid and binding policy of insurance in favor of such Person from an insurer that is rated at least "A" "XII" by A.M. Best Company, which policy covers full payment thereof and (B) such insurer has been notified, and has not denied the claim made for payment, of the amount of such judgment or order;

(119) Non-Monetary Judgments. Any non-monetary judgment or order shall be rendered against any Loan Party that could reasonably be expected to have a Material Adverse Effect, and there shall be any period of sixty (60) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;



(120) Invalidity. (i) Any provision of any Loan Document after execution and delivery thereof by any Loan Party shall for any reason (except as a result of acts or omissions of the Secured Parties or pursuant to the terms thereof) cease to be valid and binding on or enforceable against any Loan Party to it, (ii) the Term Loan Collateral Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral purported to be covered by the Term Loan Collateral Documents with the priority required by the relevant Term Loan Collateral Document, in each case for any reason other than the failure of Term Loan Collateral Agent or any Secured Party to take any action within its control, or (iii) any Loan Party or any Affiliate thereof shall contest (or threaten to contest) the validity or enforceability of any Loan Document or deny that it has any further liability under any Loan Document to which it is a party;

(121) Change of Control. A Change of Control shall occur;

(122) ERISA Event.

cxcii. Any ERISA Event shall have occurred and the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or the liability of the Loan Parties and the ERISA Affiliates related to such ERISA Event) exceeds \$10,000,000;

cxciii. Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount that, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Loan Parties and the ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$5,000,000 *per annum*; or

cxciv. Any Loan Party or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is insolvent or is being terminated, within the meaning of Title IV of ERISA, and as a result of such insolvency or termination the aggregate annual contributions of the Loan Parties and the ERISA Affiliates to all Multiemployer Plans that are then insolvent or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the plan years of such Multiemployer Plans immediately preceding the plan year in which such insolvency or termination occurs by an amount exceeding \$10,000,000;

(123) Dissolution. Any order, judgment or decree shall be entered against any Loan Party decreeing the dissolution or split up of such Person and such order shall remain undischarged or unstayed for a period in excess of thirty (30) days; and/or

(124) Material Contracts. (i) Any Material Contract shall at any time cease to be valid and binding or in full force and effect (in each case, except in connection with its expiration in accordance with its terms in the ordinary course (and not related to any default thereunder)), or (ii) any of the Borrowers or their Subsidiaries shall default in any material respect in the performance or observance of any covenant or agreement contained in any Material Contract to

which it is a party and such default has continued beyond any applicable grace period specified therein, and in the case of (i) or (ii), such event could reasonably be expected to have a Material Adverse Effect, unless within 60 days of such termination or default, the applicable Loan Party replaces such Material Contract with a replacement agreement (x) similar in scope to and on terms not materially less favorable to the relevant Loan Party and the Lenders than the Material Contract being replaced or (y) in form and substance satisfactory to the Administrative Agent in its sole and absolute discretion, and in each case with a counterparty of comparable or better standing in the applicable industry; *provided* that if at any time during such 60 day grace period the Administrative Agent determines in its sole and absolute discretion that the applicable Loan Party is not diligently seeking to replace the applicable Material Contract, an Event of Default shall immediately occur,

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower Representative, declare the Commitments of each Lender and the obligation of each Lender to make Loans to be terminated, whereupon the same shall forthwith terminate and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower Representative, declare the Loans, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents to be forthwith due and payable, whereupon the Loans, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; *provided, however*, that, in the event of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code or the occurrence of any other Event of Default under Section 6.01(f), (x) the Commitments of each Lender and the obligation of each Lender to make Loans shall automatically be terminated and (y) the Loans, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers. For the avoidance of doubt, payment defaults may be cured within the applicable cure period, if any, by equity contributions from one or more members of any Borrower without limitation as to the number of such cures. Upon any acceleration (whether elective or automatic) of the unpaid principal balance of any Loan pursuant to this Section 6.01 (including any acceleration upon the occurrence of an actual or deemed entry of an order for relief with respect to any Loan Party under the Bankruptcy Code or any other Bankruptcy Law or upon the occurrence of any other Event of Default pursuant to Section 6.01(f)), the applicable Lender shall be entitled to, and the Borrowers shall pay as liquidated damages (it being agreed that the amount of damages that such Lender will suffer in each case are difficult to calculate) an amount equal to the Exit Fee as if the Repayment Event had occurred on the date of the acceleration thereof in addition to all other amounts due and payable in respect of the Obligations hereunder.

#### Section j.. Application of Funds

. After the exercise of remedies provided for in Section 6.01 (or after the Loans have automatically become immediately due and payable as set forth in Section 6.01), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order, subject to the Hedge Intercreditor Agreement:

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

*First*, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and Term Loan Collateral Agent and amounts payable under Article II) payable to the Administrative Agent or Term Loan Collateral Agent under this Agreement or any other Loan Document in its capacity as such;

*Second*, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the Lenders arising under the Loan Documents and amounts payable under Article II), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

*Third*, to payment of that portion of the Obligations constituting interest on the Loans arising under the Loan Documents, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

*Fourth*, to payment of that portion of the Obligations constituting unpaid principal of the Loans and other Obligations relating to the Loans (including the Exit Fee), Secured Hedge Agreements (up to a maximum amount for this clause Fourth, with respect to any Secured Hedge Agreements, of \$25,000,000) and Secured Bank Product Obligations, in each case, ratably among the Administrative Agent, the Lenders, the Hedge Banks and the Cash Management Banks in proportion to the respective amounts described in this clause Fourth held by them;

*Fifth*, to payment of all other Obligations ratably among the Secured Parties; and

*Last*, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by applicable law.

Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or its assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section 6.02.

Notwithstanding the foregoing, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not received a Secured Party Designation Notice, together with such supporting documentation as the Administrative Agent may request in its sole and absolute discretion, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article VII hereof for itself and its Affiliates as if a "Lender" party hereto.

## Article VII.

### THE AGENTS

#### Section k.. Authorization and Action

. Each Lender (in its capacity as a Lender) hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Loan Documents (including, without limitation, enforcement of the Obligations or collection of the Obligations owing under the Loan Documents), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; *provided, however*, that the Administrative Agent shall not be required to take any action that exposes the Administrative Agent to personal liability or that is contrary to this Agreement or applicable law. Without limiting the generality of the foregoing, each Lender hereby authorizes and instructs the Administrative Agent to enter into the documents to be entered into by the Administrative Agent expressly mentioned in Section 3.01.

(125) The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Term Loan Collateral Documents or of exercising any rights and remedies thereunder at the direction of the Term Loan Collateral Agent) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent, employee or attorney-in-fact that it selects in accordance with the foregoing provisions of this Section 7.01(b) in the absence of the Administrative Agent's gross negligence or willful misconduct.

#### Section l.. Administrative Agent's Reliance, Etc

. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Loan Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Administrative Agent: (a) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with the Loan Documents; (c) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of any Loan Document on

the part of any Loan Party or the existence at any time of any Default under the Loan Documents or to inspect the property (including the books and records) of any Loan Party; (d) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; and (e) shall incur no liability under or in respect of any Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by electronic communication) believed by it to be genuine and signed or sent by the proper party or parties.

#### Section m.. Agents and Affiliates

. With respect to its Commitments, the Loans made by it and any Notes issued to it, each Agent and its Affiliates shall have the same rights and powers under the Loan Documents as any other Lender and may exercise the same as though each were not an Agent or an Affiliate of an Agent; and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated, include each Agent and its Affiliates in their respective individual capacities. Each Agent and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person that may do business with or own securities of any Loan Party or any such Subsidiary, all as if such Agent was not an Agent and without any duty to account therefor to the Lenders. No Agent shall have any duty to disclose any information obtained or received by it or any of its Affiliates relating to any Loan Party or any of its Subsidiaries to the extent such information was obtained or received in any capacity other than as such Agent.

#### Section n.. Lender Credit Decision

. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on the financial statements referred to in Section 3.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

#### Section o.. Indemnification

. Each Lender severally agrees to indemnify each Agent (to the extent not promptly reimbursed by the Borrowers and without limiting their obligation to do so) from and against such Lender’s ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against such Agent in any way relating to or arising out of the Loan Documents or any action taken or omitted by such Agent under the Loan Documents (collectively, the “**Indemnified Costs**”); *provided, however*, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages,

penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse each Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) payable by the Borrowers under Section 8.04, to the extent that such Agent is not promptly reimbursed for such costs and expenses by the Borrowers. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by any Lender or any other Person. Each Agent is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all amounts it receives pursuant to the Loan Documents to or for the credit or the account of any Lender against any and all obligations of such Lender to such Agent now or hereafter existing under this Section 7.05; *provided* that the foregoing sentence shall only apply if such Lender fails to promptly pay such obligation following such Agent's written request for payment; *provided further* that any obligation a Lender fails to promptly pay following the Agent's written request for payment shall bear interest at the same rate as Default Interest and the Agent is authorized to set off against any such accrued interest in the manner described above.

(126) For purposes of Section 7.05(a), (i) each Lender's ratable share of any amount shall be determined, at any time, according to the sum of the aggregate principal amount of the Loans outstanding at such time and owing to such Lender. The failure of any Lender to reimburse any Agent promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 7.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Loan Documents.

#### Section p.. Successor Administrative Agent

. The Administrative Agent may resign at any time by giving thirty (30) days' written notice thereof to the Lenders and the Borrower Representative. Upon any such resignation, the Required Lenders shall have the right, with (so long as no Event of Default has occurred and is continuing) the consent of the Borrower Representative (not to be unreasonably withheld or delayed), to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative

Agent, such successor Administrative Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. If within forty-five (45) days after written notice is given of the retiring Administrative Agent's resignation or removal under this Section 7.06 no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such forty-fifth (45<sup>th</sup>) day (a) the retiring Administrative Agent's resignation or removal shall become effective, (b) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (c) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time, if any, as the Required Lenders appoint a successor Agent as provided above. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent shall have become effective, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section q.. Term Loan Collateral Agent

. Each of the Administrative Agent and the Lenders hereby designates and appoints CLMG as Term Loan Collateral Agent under this Agreement and the other Loan Documents and authorizes CLMG, in the capacity of Term Loan Collateral Agent, to (A) execute, deliver and perform the obligations, if any, of the Term Loan Collateral Agent, as applicable under this Agreement and each other Loan Document and (B) take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Term Loan Collateral Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto; *provided, however*, that the Term Loan Collateral Agent shall not be required to take any action that exposes the Term Loan Collateral Agent to personal liability or that is contrary to this Agreement or applicable law. Without limiting the generality of the foregoing, each of the Administrative Agent and the Lenders hereby authorizes and instructs CLMG, in the capacity of Term Loan Collateral Agent, to execute and deliver the documents to be entered into by the Term Loan Collateral Agent expressly mentioned in Section 3.01, and, without limiting any of the provisions of this Agreement, CLMG, in the capacity of Term Loan Collateral Agent, shall continue to be bound by and entitled to all the benefits and protections of all provisions of this Article VII (including the successor agent provisions) and Article VIII as if set forth in full herein with respect thereto. If any of the Collateral constituting unproven acreage shall be sold, transferred or otherwise disposed of by any Borrower or any of their Subsidiaries in a transaction in compliance with this Agreement, or otherwise consented to by the Required Lenders, then the Term Loan Collateral Agent, at the request and sole cost and expense of the Borrowers (in addition to any Collateral release fees provided for in the Fee Letter), shall promptly discharge and release all Liens and security interests created in such Collateral under any Loan Document, including by executing and delivering instruments of satisfaction, release and discharge in respect of such Collateral as are reasonably necessary or advisable and reassigning, delivering and/or transferring any such Collateral to the applicable Borrower or Subsidiary. The Term Loan Collateral Agent shall use commercially reasonable efforts to cause

such Lien release documents to be executed and delivered within seven (7) Business Days following the Borrower's request therefor.

Section r.. Secured Cash Management Agreements and Secured Hedge Agreements

. Except as otherwise expressly set forth herein, no Cash Management Bank or Hedge Bank that obtains the benefit of the provisions of Section 6.02, the Guaranty, the Parent Guarantee Agreement, the Contingent Parent Guarantee Agreement or any Collateral by virtue of the provisions hereof, of the Term Loan Security Agreement or any Term Loan Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of the Term Loan Security Agreement or any Term Loan Collateral Document) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article VII to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements except to the extent expressly provided herein and unless the Administrative Agent has received a Secured Party Designation Notice of such Obligations, together with such supporting documentation as the Administrative Agent may request in its sole and absolute discretion, from the applicable Cash Management Bank or Hedge Bank, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements in the case of termination of the Commitments and repayment in full of all Obligations hereunder.

Section a.. Certain ERISA Matters

. (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agents and not, for the avoidance of doubt, to or for the benefit of the Borrowers or any other Loan Party, that at least one of the following is and will be true:

cxcv.such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments or this Agreement,

cxcvi.the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE



96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement,

cxcvii.(A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement, or

cxcviii.such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole and absolute discretion, and such Lender.

(127) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Agents and not, for the avoidance of doubt, to or for the benefit of the Borrowers or any other Loan Party, that neither of the Agents is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Agents under this Agreement, any Loan Document or any documents related hereto or thereto).

## Article VIII.

### MISCELLANEOUS

#### Section b.. Amendments, Etc

. Subject to clause (b) below, no amendment or waiver of any provision of this Agreement, the Notes or any other Loan Document (including the Hedge Intercreditor Agreement), nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders (or the Administrative Agent on their behalf) and, in the case of an amendment, the Borrower Representative on behalf of the Loan Parties, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that (i) no amendment, waiver or consent shall, unless in writing and signed by each Lender, do any of the following at any time:

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 125 of 146

(A) waive any of the conditions specified in Section 3.01 or, in the case of the initial Borrowing hereunder, Section 3.02;

(B) change (1) the definition of “*Required Lenders*” or (2) the number of Lenders or the percentage of (x) the Commitments or (y) the aggregate unpaid principal amount of the Loans that, in each case, shall be required for the Lenders or any of them to take any action hereunder or under any other Loan Document;

(C) change any other definition in the Hedge Intercreditor Agreement in any manner adverse to the Lenders;

(D) release one or more Guarantors (or otherwise limit such Guarantors’ liability with respect to the Obligations owing to the Agents and the Lenders under the Guaranty, Parent Guarantee Agreement or the Contingent Parent Guarantee Agreement) if such release or limitation is in respect of a material portion of the value of the Guaranty, the Parent Guarantee Agreement or the Contingent Parent Guarantee Agreement to the Lenders;

(E) release any material portion of the Collateral in any transaction or series of related transactions (unless such Collateral was sold or otherwise disposed of in a transaction permitted hereunder);

(F) subordinate the Liens of the Lenders; or

(G) amend this Section 8.01,

and (ii) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender specified below for such amendment, waiver or consent:

(A) increase the Commitments of a Lender without the consent of such Lender;

(B) reduce or forgive the principal of, or stated rate of interest on, the Loans owed to a Lender or any fees or other amounts stated to be payable hereunder or under the other Loan Documents to such Lender without the consent of such Lender;

(C) postpone any date scheduled for any payment of principal of, or interest on, the Loans pursuant to Section 2.03 or 2.05, or any date fixed for any payment of fees hereunder, in each case, payable to a Lender without the consent of such Lender;

(D) impose any restrictions on the rights of such Lender under Section 8.07 without the consent of such Lender;

(E) change the order of any prepayment of Loans from the application thereof set forth in the applicable provisions of Section 2.04 in any manner that materially adversely affects the Lenders without the consent of holders of a majority of the Commitments or Loans outstanding;

(F) change the order of application of proceeds of Collateral and other payments set forth in the Hedge Intercreditor Agreement in a manner that materially adversely affects any Lender without the consent of such Lender;

(G) otherwise amend or modify any of the Hedge Intercreditor Agreement or any Term Loan Collateral Document in a manner which disproportionately affects any Lender vis-à-vis any other Secured Party without the written consent of such Lender; or

(H) amend or modify the provisions of Section 2.08(a)(i), Section 2.08(f) and Section 2.10 (including the definition of “Pro Rata Share”) in a manner that adversely affects any Lender without the consent of such Lender;

*provided further* that no amendment, waiver or consent shall, unless in writing and signed by an Agent in addition to the Lenders required above to take such action, affect the rights or duties of such Agent under this Agreement or the other Loan Documents; *provided, further*, that with respect to clauses (A), (B) and (C) of clause (ii) above, to the extent such amendment, waiver or consent relates solely to (x) the Term A Loans and Term A Facility, such amendment, waiver or consent shall require only the consent of each Term A Lender and (y) the Term B Loans and Term B Facility, such amendment, waiver or consent shall only require the consent of each Term B Lender.

(128) Notwithstanding the other provisions of this Section 8.01, the Borrowers, the Guarantors, the Term Loan Collateral Agent and the Administrative Agent may (but shall have no obligation to) amend or supplement the Loan Documents without the consent of any Lender: (i) to cure any ambiguity, defect or inconsistency; (ii) to make any change that would provide any additional rights or benefits to the Lenders, (iii) to make, complete or confirm any provision of a guaranty or grant of Collateral permitted or required by this Agreement or any of the Term Loan Collateral Documents or any release of any Collateral that is otherwise permitted under the terms of this Agreement and the Term Loan Collateral Documents or (iv) to add additional parties to the Hedge Intercreditor Agreement in accordance with the terms thereof.

#### Section c.. Notices, Etc

. All notices and other communications provided for hereunder shall be either (x) in writing (including electronic communication) and mailed or delivered or (y) as and to the extent set forth in Section 8.02(b) and in the proviso to this Section 8.02(a), in an electronic medium and delivered as set forth in Section 8.02(b), (i) if to any Loan Party, to the Borrower Representative at its address as set forth on Schedule 8.02 attached hereto; (ii) if to any Lender identified on Schedule I hereto, at its Lending Office specified opposite its name on Schedule I hereto; (iii) if to any Initial Lender, at its Lending Office specified in Schedule I attached hereto; (iv) if to any other Lender, at its Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; (v) if to the Term Loan Collateral Agent or Administrative Agent, at its address as set forth on Schedule 8.02 attached hereto; or, as to the Borrower Representative or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower Representative and the Administrative Agent;

*provided, however*, that materials and information described in Section 8.02(b) shall be delivered to the Administrative Agent in accordance with the provisions thereof or as otherwise specified to the Borrower Representative by the Administrative Agent. All such notices and other communications shall, when mailed, e-mailed, be effective when deposited in the mails or sent by electronic communication, respectively, except that notices and communications to any Agent pursuant to Article II, Article III or Article VII shall not be effective until received by such Agent. Delivery by electronic communication of an executed counterpart of a signature page to any amendment or waiver of any provision of this Agreement or the Notes shall be effective as delivery of an original executed counterpart thereof.

(129) The Borrower Representative hereby agrees that it will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new Borrowing (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any Borrowing or other extension of credit thereunder (all such non-excluded communications being referred to herein collectively as “**Communications**”), by transmitting the Communications in an electronic/soft medium in a format acceptable to the Administrative Agent in its sole and absolute discretion to an electronic mail address specified by the Administrative Agent to the Borrower Representative. In addition, the Borrower Representative agrees to continue to provide the Communications to the Administrative Agent in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent in its sole and absolute discretion. The Borrower Representative further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on IntraLinks or a substantially similar electronic transmission system (the “**Platform**”).

(130) THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE”. THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, “**AGENT PARTIES**”) HAVE ANY LIABILITY TO ANY BORROWER, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR

DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY BORROWER'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(131) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth on Schedule 8.02 shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees (i) that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address. Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

Section d.. No Waiver; Remedies

. No failure on the part of any Lender or any Agent to exercise, and no delay in exercising, any right hereunder or under any Note or any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section e.. Costs and Expenses

. The Borrowers agree to pay on demand (i) all reasonable and documented out-of-pocket costs and expenses of each Agent in connection with the preparation, execution, delivery, administration, modification and amendment of, or any consent or waiver under, the Loan Documents (including, without limitation, (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable and documented fees and expenses of counsel (including local counsel) for each Agent with respect thereto, with respect to advising such Agent as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Default or any events or circumstances that may give rise to a Default and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy, insolvency or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto) and (ii) all

costs and expenses of each Agent and each Lender in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent and each Lender with respect thereto).

(132) The Borrowers agree to indemnify, defend and save and hold harmless each Agent, each Lender, each of their Affiliates and the respective officers, directors, employees, trustees, agents and advisors of each of the foregoing (each, an "**Indemnified Party**") from and against, and shall pay on demand, any and all claims, damages, Taxes, losses, liabilities and expenses (including, without limitation, fees and expenses of counsel) (collectively, "**Losses**") that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) the Facilities, the actual or proposed use of the proceeds of the Loans, the Loan Documents or any of the transactions contemplated thereby or (ii) the actual or alleged presence of Hazardous Materials on any property, including any of any Loan Party or any of its Subsidiaries or any Environmental Action relating in any way to any Loan Party or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors, shareholders or creditors, any Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated thereby are consummated. The Borrowers also agree not to assert any claim against any Agent, any Lender or any of their Affiliates, or any of their respective officers, directors, employees, trustees, agents and advisors, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Facilities, the actual or proposed use of the proceeds of the Loans, the Loan Documents or any of the transactions contemplated by the Loan Documents.

(133) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Loan Document, including, without limitation, fees and expenses of counsel and indemnities or insurance premiums on account of insurance required hereunder, such amount may be paid on behalf of such Loan Party by the Administrative Agent or any Lender, in its sole and absolute discretion. The Borrowers agree to pay all such amounts on demand.

(134) Without prejudice to the survival of any other agreement of any Loan Party hereunder or under any other Loan Document, the agreements and obligations of the Borrowers contained in Sections 2.07 and 2.09 and this Section 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

#### Section f.. Right of Set-off

. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Loans due and payable pursuant to the provisions of Section 6.01, each Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Lender or such Affiliate to or for the credit or the account of the Borrowers against any and all of the Obligations of the Borrowers now or hereafter existing under the Loan Documents, irrespective of whether such Agent or such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured. Each Agent and each Lender agrees promptly to notify the Borrower Representative after any such set-off and application; *provided, however*, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent and each Lender and their respective Affiliates under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Agent, such Lender and their respective Affiliates may have.

#### Section g.. Binding Effect

. This Agreement shall become effective when it shall have been executed by the Loan Parties and each Agent and the Administrative Agent shall have been notified by each initial Lender that such initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Loan Parties, each Agent and each Lender and their respective successors and permitted assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of each Lender. This Agreement is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person other than the parties hereto.

#### Section h.. Assignments and Participations

. Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment or Commitments, the Loans owing to it, and the Note or Notes held by it); *provided, however*, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations under and in respect of the Facilities, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender, an Affiliate of any Lender or an Approved Fund of any Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the aggregate amount of the Commitments being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than \$2,000,000 (or such lesser amount as shall be approved by the Administrative Agent in its sole and absolute discretion and, so long as no Default shall have occurred and be continuing at the time of effectiveness of such assignment, the Borrower Representative), (iii) each such assignment shall be to an Eligible Assignee, (iv) no such assignments shall be permitted without

the written consent of (A) if the Administrative Agent is an Affiliate of the initial Term Loan A Lender, the Administrative Agent or (B) if the Administrative Agent is not an Affiliate of the initial Term Loan A Lender, the Required Lenders, in each case, in its (or their) sole and absolute discretion, and (v) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note or Notes (if any) subject to such assignment.

(135) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (ii) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.07, 2.09 and 8.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(136) By executing and delivering an Assignment and Acceptance, each Lender assignor thereunder and each assignee thereunder confirm to and agree with each other and the other parties thereto and hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.



(137) The Administrative Agent, acting for this purpose (but only for this purpose) as the non-fiduciary agent of the Borrowers, shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment under each Facility of, and principal amount (and stated interest) of the Loans owing under each Facility to, each Lender from time to time (the “**Register**”). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agents and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower Representative or any Agent or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(138) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee, together with any Note or Notes (if any) subject to such assignment, the Administrative Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower Representative and each other Agent. In the case of any assignment by a Lender, within five Business Days after its receipt of such notice, the Borrowers, at their own expense, shall execute and deliver to the Administrative Agent in exchange for the surrendered Note or Notes (if any) an amended and restated Note (which shall be marked “*Amended and Restated*”) to such Eligible Assignee in an amount equal to the Commitment assumed by it under each Facility pursuant to such Assignment and Acceptance and, if any assigning Lender that had a Note or Notes prior to such assignment has retained a Commitment hereunder under such Facility, an amended and restated Note to such assigning Lender in an amount equal to the Commitment retained by it hereunder. Such amended and restated Note or Notes shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A-1 or A-2 hereto, as the case may be.

(139) Each Lender may sell participations to one or more Persons (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitments, the Loans owing to it and the Note or Notes (if any) held by it); *provided, however*, that (i) such Lender’s obligations under this Agreement (including, without limitation, its Commitments) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the Borrowers, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Loan Party therefrom. The Borrowers agree that each participant shall be entitled to the benefits of Sections 2.07 and 2.09 (subject to the requirements and limitations therein, including the requirements under Section 2.09(f) (it being understood that the documentation required under Section 2.09(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment

pursuant to paragraph (a)-(e) of this Section; provided that such participant shall not be entitled to receive any greater payment under Section 2.07 or 2.09, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations, Section 1.163-5 of the proposed United States Treasury Regulations or any applicable temporary or other successor regulation of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register

(140) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; *provided, however*, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender.

(141) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note or Notes (if any) held by it) in favor of any Federal Reserve Bank or Federal Home Loan Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System or similar laws and regulations relating to the Federal Home Loan Banks.

(142) Notwithstanding anything to the contrary contained herein, any Lender that is a Fund may, without the consent of the Borrower Representative or any other Person, create a security interest in all or any portion of the Loans owing to it and any Note or Notes held by it to the trustee for holders of obligations owed, or securities issued, by such Fund as security for such obligations or securities; *provided* that, unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 8.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Loan Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Loan Documents

even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

Section i.. Execution in Counterparts; Electronic Execution

. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement and the other Loan Documents shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other state laws based on the Uniform Electronic Transactions Act, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

Section j.. Confidentiality

. Neither any Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Borrower Representative, other than (a) to such Agent’s or such Lender’s Affiliates and their officers, directors, employees, trustees, agents, advisors and other Representatives who have a need to know as a result of being involved in the Facilities and then only on the condition that such matters may not be further disclosed and to actual or prospective Eligible Assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) as requested or required by any state, Federal or foreign authority or examiner (including the National Association of Insurance Commissioners or any similar organization or quasi-regulatory authority) regulating such Agent or such Lender, or any bank regulator or examiner, regulatory examiner or self-regulatory examiner in the course of such regulator’s or examiner’s examination or inspection, or any auditor of such Lender or such Agent, (d) to any rating agency when required or requested by it, *provided* that, prior to any such disclosure, such rating agency shall undertake (in such manner determined by the applicable Agent or Lender in its sole discretion) to preserve the confidentiality of any Confidential Information relating to the Loan Parties received by it from such Agent or such Lender, (e) in connection with any litigation or proceeding to which such Agent or such Lender or any of its Affiliates may be a party or (f) in connection with the exercise of any right or remedy under this Agreement or any other Loan Document. Each party hereto acknowledges that money damages may not be a sufficient remedy for any breach of the confidentiality provisions contained in this Section 8.09 by such party and that the other party may suffer irreparable harm as a result of any such breach. Accordingly, each party will also be entitled to seek equitable relief, including injunction and specific performance, as a remedy for any breach or threatened breach of the confidentiality provisions contained in this Section 8.09 by the other party. Subject to the limitations contained in Section 8.15, the equitable remedies referred to above will not be

deemed to be the exclusive remedies for a breach of the confidentiality provisions in this Section 8.09.

Section k.. Marshalling; Payments Set Aside

. Neither any Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Loan Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Loan Party makes a payment or payments to the Administrative Agent or the Lenders (or to Administrative Agent, on behalf of the Lenders), or any Agent or Lender enforces any security interests or exercise its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any Bankruptcy Law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or setoff had not occurred.

Section l.. Patriot Act Notice

. Each Lender and each Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or such Agent, as applicable, to identify such Loan Party in accordance with the Patriot Act. Each Loan Party shall, and shall cause each of its Subsidiaries to, provide such information and take such actions as are requested by any Agent or any Lender in its sole and absolute discretion in order to assist the Agents and the Lenders in maintaining compliance with the Patriot Act.

Section m.. Jurisdiction, Etc

. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Except as provided in Section 8.15, nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(143) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section n.. Governing Law

. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Section o.. Waiver of Jury Trial

. Each of the Loan Parties, the Agents and the Lenders irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Loan Documents, the Loans or the actions of any Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

Section p.. Limitation on Liability

. TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS: (A) NONE OF THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY INDEMNIFIED PARTY SHALL BE LIABLE TO ANY PARTY FOR ANY INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH THEIR RESPECTIVE ACTIVITIES RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, THE TRANSACTIONS CONTEMPLATED THEREBY, THE LOANS, OR OTHERWISE IN CONNECTION WITH THE FOREGOING; (B) WITHOUT LIMITING THE FOREGOING, NONE OF THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY INDEMNIFIED PARTY SHALL BE SUBJECT TO ANY EQUITABLE REMEDY OR RELIEF, INCLUDING SPECIFIC PERFORMANCE OR INJUNCTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED THEREBY; (C) NONE OF THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY INDEMNIFIED PARTY SHALL HAVE ANY LIABILITY TO THE LOAN PARTIES, FOR DAMAGES OR OTHERWISE, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED THEREBY UNTIL THE EFFECTIVE DATE HAS OCCURRED; AND (D) IN NO EVENT SHALL LENDERS' LIABILITY TO THE LOAN PARTIES FOR FAILURE TO FUND ANY LOAN EXCEED ACTUAL DIRECT DAMAGES INCURRED BY THE LOAN PARTIES OF UP TO \$10,000,000 IN THE AGGREGATE; PROVIDED THAT NOTHING IN THIS SECTION 8.15 SHALL LIMIT THE LENDERS' INDEMNIFICATION OBLIGATIONS UNDER SECTION 7.05.

Section a.. No Advisory or Fiduciary Responsibility

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 137 of 146

. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrowers acknowledge and agree, and acknowledge their Affiliates' understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent and any Affiliate thereof, and the Lenders are arm's-length commercial transactions between the Borrowers, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and, as applicable, its Affiliates and the Lenders and their Affiliates (collectively, solely for purposes of this Section 8.16, the "Lenders"), on the other hand, (a)(ii) each of the Borrowers and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each Borrower and each other Loan Party are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b)(i) the Administrative Agent and its Affiliates and each Lender and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for any Borrower, any other Loan Party or any of their respective Affiliates, or any other Person and (b)(ii) neither the Administrative Agent, any of its Affiliates nor any Lender or any of its Affiliates has any obligation to any Borrower, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Administrative Agent and its Affiliates and the Lenders and their Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent, any of its Affiliates nor any Lender or its Affiliates has any obligation to disclose any of such interests to any Borrower, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrowers and each other Loan Party hereby waives and releases any claims that it may have against the Administrative Agent, any of its Affiliates or any Lender or its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section b.. Acknowledgment and Consent to Bail-In of Affected Financial Institutions

. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(144) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(145) the effects of any Bail-in Action on any such liability, including, if applicable:

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 138 of 146

cxix.a reduction in full or in part or cancellation of any such liability;

cc.a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

cci.the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

Section c.. Acknowledgement Regarding Any Supported QFCs

. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Hedge Agreement or any other agreement or instrument that is a QFC (such support, “**QFC Credit Support**”, and each such QFC, a “**Supported QFC**”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

Section d.. Hedge Intercreditor Agreements

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020

Page 139 of 146

a. EACH LENDER PARTY HERETO (i) UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT IT (AND EACH OF ITS SUCCESSORS AND ASSIGNS) AND EACH OTHER LENDER (AND EACH OF THEIR SUCCESSORS AND ASSIGNS) SHALL BE BOUND BY EACH HEDGE INTERCREDITOR AGREEMENT, (ii) AUTHORIZES AND DIRECTS THE ADMINISTRATIVE AGENT TO ENTER INTO THE HEDGE INTERCREDITOR AGREEMENTS ON ITS BEHALF, AND (iii) AGREES THAT ANY ACTION TAKEN BY AGENT PURSUANT TO EACH HEDGE INTERCREDITOR AGREEMENT SHALL BE BINDING UPON SUCH LENDER.

b. THE PROVISIONS OF THIS SECTION 8.19 ARE NOT INTENDED TO SUMMARIZE OR FULLY DESCRIBE THE PROVISIONS OF ANY HEDGE INTERCREDITOR AGREEMENT. REFERENCE MUST BE MADE TO THE HEDGE INTERCREDITOR AGREEMENTS THEMSELVES TO UNDERSTAND ALL TERMS AND CONDITIONS THEREOF. EACH LENDER IS RESPONSIBLE FOR MAKING ITS OWN ANALYSIS AND REVIEW OF THE HEDGE INTERCREDITOR AGREEMENTS AND THE TERMS AND PROVISIONS THEREOF, AND THE ADMINISTRATIVE AGENT AND ITS AFFILIATES DO NOT MAKE ANY REPRESENTATION TO ANY LENDER AS TO THE SUFFICIENCY OR ADVISABILITY OF THE PROVISIONS CONTAINED IN THE HEDGE INTERCREDITOR AGREEMENTS. A COPY OF ANY HEDGE INTERCREDITOR AGREEMENT MAY BE OBTAINED FROM THE ADMINISTRATIVE AGENT.

c. EACH HEDGE INTERCREDITOR AGREEMENT IS AN AGREEMENT SOLELY AMONGST THE SECURED PARTIES AND THEIR RESPECTIVE AGENTS (INCLUDING THEIR SUCCESSORS AND ASSIGNS) AND IS ACKNOWLEDGED AND AGREED TO BY THE LOAN PARTIES. AS MORE FULLY PROVIDED THEREIN, THE HEDGE INTERCREDITOR AGREEMENTS CAN ONLY BE AMENDED BY THE PARTIES THERETO IN ACCORDANCE WITH THE PROVISIONS THEREOF.

IN THE EVENT OF ANY CONFLICT BETWEEN THIS AGREEMENT AND ANY HEDGE INTERCREDITOR AGREEMENT, THE HEDGE INTERCREDITOR AGREEMENT SHALL GOVERN.

Section e.. No Partnership, Etc

. The Secured Parties, the Borrowers and the other Loan Parties intend that the relationship between them shall be solely that of creditor and debtor. Nothing contained in this Agreement, the Notes or in any of the other Loan Documents shall be deemed or construed to create a partnership, tenancy-in-common, joint tenancy, joint venture or co-ownership by or between or among the Secured Parties and the Borrowers, the other Loan Parties or any other Person. The Secured Parties shall not be in any way responsible or liable for the debts, losses, obligations or duties of the Borrowers, the other Loan Parties or any other Person with respect to the Property of the Loan Parties or otherwise. All obligations to pay real property or other Taxes, assessments, insurance premiums, and all other fees and charges arising from the ownership or operation of the Property of the Loan Parties and to perform all obligations under other agreements and



contracts relating to the Property of the Loan Parties shall be the sole responsibility of the Borrowers or the other Loan Parties, as applicable.

Section a.. Credit Bidding

. The Secured Parties hereby irrevocably authorize the Term Loan Collateral Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Secured Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Term Loan Collateral Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Term Loan Collateral Agent at the direction of the Required Lenders on a ratable basis (with Debt with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the equity interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid, (i) the Term Loan Collateral Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) Term Loan Collateral Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Term Loan Collateral Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or equity interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in this Agreement), (iv) the Term Loan Collateral Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership interests, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Debt assigned to the acquisition vehicle exceeds the amount of Debt credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata with their original

interest in such Debt and the equity interests and/or debt instruments issued by any acquisition vehicle on account of such Debt shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Term Loan Collateral Agent may request, in its sole and absolute discretion, in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

[Remainder of Page Intentionally Left Blank]

Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020  
Page 142 of 146

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

KOSMOS ENERGY GOM HOLDINGS, LLC, as a Borrower

By /s/ Nealesh Shah

Name: Nealesh Shah

Title: Vice President

KOSMOS ENERGY GULF OF MEXICO, LLC, as a Guarantor

By /s/ Nealesh Shah

Name: Nealesh Shah

Title: Vice President

KOSMOS ENERGY GULF OF MEXICO MANAGEMENT, LLC, as a Guarantor

By /s/ Nealesh Shah

Name: Nealesh Shah

Title: Vice President

KOSMOS ENERGY GULF OF MEXICO OPERATIONS, LLC, as a Borrower

By /s/ Nealesh Shah

Name: Nealesh Shah

Title: Vice President

KOSMOS ENERGY LTD., as Parent and a Guarantor

By /s/ Nealesh Shah

Name: Nealesh Shah

Title: Senior Vice President and Chief

Financial Officer

CLMG CORP.,

as Administrative Agent

[Signature Page to Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020]

By /s/ James Erwin Name: James Erwin

Title: President

CLMG CORP.,

as Term Loan Collateral Agent

By /s/ James Erwin

Name: James Erwin

Title: President

TRAFIGURA TRADING LLC,

as Lender

[Signature Page to Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020]

By /s/ Corey Prologo

Name: Corey Prologo  
Title: Director

By /s/ Rodney Malcolm

Name: Rodney Malcolm  
Title: Director

[Signature Page to Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020]

BEAL BANK USA,

as Lender

By /s/ Jacob Cherner

Name: Jacob Cherner

Title: Authorized Signatory

[Signature Page to Senior Secured Term Loan Credit Agreement among Kosmos Energy LTD., Kosmos Energy GOM Holdings, LLC, Kosmos Energy Gulf of Mexico Operations, LLC, the other Guarantors party hereto, the Initial Lenders, and CLMG Corp. dated as of September 30, 2020]

## ANNEX A

“**Applicable Margin**” means, with respect to (a) the Term A Loans, [\*\*\*]% *per annum* and (b) the Term B Loans, [\*\*\*]% *per annum*.



**Certification of Chief Executive Officer**

I, Andrew G. Inglis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kosmos Energy Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ ANDREW G. INGLIS

Andrew G. Inglis

*Chairman of the Board of Directors and Chief Executive Officer*

*(Principal Executive Officer)*

**Certification of Chief Financial Officer**

I, Neal D. Shah, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Kosmos Energy Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2020

/s/ NEAL D. SHAH

Neal D. Shah

*Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)*

**Certification of Chief Executive Officer  
Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew G. Inglis, Chairman of the Board of Directors and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2020

/s/ ANDREW G. INGLIS

Andrew G. Inglis

*Chairman of the Board of Directors and Chief Executive Officer*

*(Principal Executive Officer)*

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification of Chief Financial Officer**  
**Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to**  
**Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the accompanying quarterly report of Kosmos Energy Ltd. (the "Company") on Form 10-Q for the quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neal D. Shah, Senior Vice President and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2020

/s/ NEAL D. SHAH

Neal D. Shah

*Senior Vice President and Chief Financial Officer*

*(Principal Financial Officer)*

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.