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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
SABINE OIL & GAS CORPORATION, *et al.*,[1]	)	Case No. 15-11835 (SCC)
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN OF REORGANIZATION OF SABINE OIL & GAS CORPORATION AND ITS DEBTOR AFFILIATES

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

Dated: January 26, 2016

[1] The debtors in these chapter 11 cases (the "Debtors"), along with the last four digits of each Debtor's federal tax identification number, include: Sabine Oil & Gas Corporation (4900); Giant Gas Gathering LLC (3438); Sabine Bear Paw Basin LLC (2656); Sabine East Texas Basin LLC (8931); Sabine Mid-Continent Gathering LLC (6085); Sabine Mid-Continent LLC (6939); Sabine Oil & Gas Finance Corporation (2567); Sabine South Texas Gathering LLC (1749); Sabine South Texas LLC (5616); and Sabine Williston Basin LLC (4440). The location of Debtor Sabine Oil & Gas Corporation's corporate headquarters and the Debtors' service address is: 1415 Louisiana, Suite 1600, Houston, Texas 77002.

SOLICITATION OF VOTES ON THE DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE FROM THE HOLDERS OF OUTSTANDING:

Voting Class	Name of Class Under the Plan
Class 3	RBL Secured Claims
Class 4	RBL Deficiency Claims
Class 5	Second Lien Claims
Class 6	Senior Notes Claims
Class 7	General Unsecured Claims
Class 8	Convenience Claims

IF YOU ARE IN ONE OF THESE CLASSES, YOU ARE RECEIVING THIS DOCUMENT AND THE ACCOMPANYING MATERIALS BECAUSE YOU ARE ENTITLED TO VOTE ON THE PLAN.

THE DEADLINE TO VOTE ON THE PLAN IS [APRIL 19], 2016 AT [5:00 P.M.] (PREVAILING EASTERN TIME). FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE NOTICE AND CLAIMS AGENT BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE PURPOSE OF SOLICITING VOTES TO ACCEPT THE *DEBTORS' JOINT PLAN OF REORGANIZATION*. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE IX HEREIN.

THE PLAN IS SUPPORTED BY THE DEBTORS, WHO URGE HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN. THE DEBTORS FURTHER URGE EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY BEFORE CASTING A VOTE WITH RESPECT TO THE PLAN. THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE

COMMISSION (THE "SEC") NOR ANY STATE AUTHORITY HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

THE SECURITIES TO BE ISSUED PURSUANT TO THE PLAN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR SIMILAR STATE SECURITIES OR "BLUE SKY" LAWS. THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE PLAN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL, OR REGULATORY AUTHORITY, AND NEITHER THE SEC NOR ANY SUCH AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. SEE ARTICLE XII OF THIS DISCLOSURE STATEMENT FOR IMPORTANT SECURITIES LAW DISCLOSURES.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF, AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS, ARE BASED ON ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED IN THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THE DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT BEEN CHANGED SINCE THE DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.

THE INFORMATION IN THIS DISCLOSURE STATEMENT IS BEING PROVIDED SOLELY FOR THE PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PARTY FOR ANY OTHER PURPOSE.

ALL EXHIBITS TO THE DISCLOSURE STATEMENT, ALONG WITH ALL OTHER DOCUMENTS FILED WITH THE SEC BY THE DEBTORS AND THEIR AFFILIATES, ARE INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL IN THIS DISCLOSURE STATEMENT. THE DOCUMENTS FILED WITH THE SEC BY THE DEBTORS AND THEIR AFFILIATES ARE AVAILABLE FREE OF CHARGE ONLINE AT HTTP://WWW.SEC.GOV/EDGAR/SEARCHEDGAR/COMPANYSEARCH.HTML. THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE IX HEREIN.

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I. INTRODUCTION

Sabine Oil & Gas Corporation ("Sabine") and its Debtor affiliates, as debtors and debtors in possession, submit this disclosure statement (this "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to holders of Claims against the Debtors in connection with the solicitation of acceptances of the *Debtors' Joint Plan of Reorganization* (as may be amended, supplemented, and modified from time to time, the "Plan"),[2] dated January 26, 2016. The Plan provides for the reorganization of the Debtors as a going concern and the resolution of all Claims against and Interests in each of the 10 Debtors in these chapter 11 cases, and constitutes a separate chapter 11 plan of reorganization for each Debtor. The classifications set forth in Classes 1 through 11 shall be deemed to apply to each Debtor. Class 12 shall only apply to Sabine. Each Class of Claims against or Interests in the Debtors shall be deemed to constitute separate sub-Classes of Claims against and Interests in each of the Debtors, as applicable, and each such sub-Class shall vote as a single separate Class for each of the Debtors, as applicable, and the confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each of the Debtors.

THE DEBTORS BELIEVE THAT THE COMPROMISE AND SETTLEMENT CONTEMPLATED UNDER THE PLAN IS FAIR AND EQUITABLE, MAXIMIZES THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDES THE BEST RECOVERY TO CLAIM HOLDERS.

THE BOARD OF MANAGERS OR DIRECTORS (AS APPLICABLE) OR THE SOLE MEMBER OF EACH OF THE DEBTORS HAS APPROVED THE TRANSACTIONS CONTEMPLATED BY THE PLAN AND DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE DEBTORS RECOMMEND THAT ALL HOLDERS OF CLAIMS OR INTERESTS WHOSE VOTES ARE BEING SOLICITED SUBMIT BALLOTS TO ACCEPT THE PLAN.

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2 The Plan is attached hereto as **Exhibit A** and incorporated into this Disclosure Statement by reference. Capitalized terms used but not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

II. PRELIMINARY STATEMENT

The Debtors are an independent energy company engaged in the acquisition, production, exploration, and development of onshore oil and natural gas properties in the United States. The Debtors constitute the surviving business from the business combination (the "Combination") of Forest Oil Corporation ("Forest Oil") and Sabine Oil & Gas LLC ("Old Sabine") first announced in May 2014 and consummated in December 2014.

A number of unexpected and unprecedented challenges have crippled the Debtors' ability to both sustain their leveraged capital structure and commit the capital necessary for exploration and production. The consummation of the Combination coincided with the beginning of a steep and prolonged decline in the price of oil. Since the announcement of the Combination in May 2014, the average monthly price of oil has fallen from $105 per barrel to $26 per barrel in January 2016. The continuation of dramatically low natural gas prices, a steep drop in the price of oil, and general market uncertainty has created an incredibly challenging operational environment for all exploration and production companies. In addition, several events in early 2015 constrained the Debtors' access to capital, including pending litigation arising from the Combination, a going concern qualification in the Debtors' annual audit, and a reduction of the borrowing base under the Debtors' senior credit facility.

This perfect storm of intrinsic and extrinsic events demanded swift and deliberate action from the Debtors to attempt to restore their financial health, and the Debtors aggressively attacked these challenges through a series of measures designed to increase available capital. Specifically, the Debtors drew all of the remaining availability on their senior credit facility to fund operations and keep their options open in a restructuring. They also divested unprofitable assets, reduced capital expenditures associated with drilling and completion costs for new wells, froze salaries, and decreased their workforce. In addition, the Debtors negotiated with all organized creditor groups to secure breathing room with respect to their financial obligations, and were able to obtain forbearance agreements from both of their secured lenders. Despite these efforts, however, the persistence of negative market conditions and the resulting revenue decline rendered the Debtors unable to right-size their balance sheets through cost-cutting and self-help measures alone. Unable to reach a sustainable agreement with their creditor constituencies, the Debtors chose to file for bankruptcy protection to reorganize their businesses and develop a new path forward.

On July 15, 2015 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). Bankruptcy Judge Shelly C. Chapman was appointed as the presiding judge in the Debtors' chapter 11 cases.

The chapter 11 process provided the Debtors with breathing room from creditor demands and the opportunity to bring all parties to the table. At the outset of these chapter 11 cases, the Debtors sought and received approval from the Bankruptcy Court to continue their operations in the ordinary course of business, allowing them to continue to generate revenues and maintain relationships with customers and suppliers. Additionally, the Debtors retained a chief restructuring officer to oversee their restructuring efforts and allow the Debtors' officers to maintain their focus on the Debtors' businesses.

Over the past several months, the potential obstacles to achieving a consensual and comprehensive restructuring of the Debtors' capital structure and business operations crystallized. Many of the Debtors' stakeholders adopted opposing stances as to the merits and values of certain potential claims and causes of action that the Debtors' estates might possess. The Debtors worked tirelessly as an honest broker and arbiter between various parties on complex issues including, but not limited to, the use of cash collateral, the structure of an appropriate discovery process, the value and merits of numerous claims and causes of action, and the contours of a plan of reorganization. Following substantial negotiations on these and myriad other issues, the Debtors and several parties agreed, at the Bankruptcy Court's request, to enter into mediation while continuing to develop a plan of reorganization to ensure a timely and efficient end to these chapter 11 cases. Accordingly, the Debtors have developed a Plan that incorporates a release or settlement of each disputed claim or cause of action in a manner that provides for the greatest recovery for unsecured creditors.

III. OVERVIEW OF THE PLAN

The Plan provides for the reorganization of the Debtors as a going concern and will significantly reduce the Debtors' long-term debt and annual interest payments. In addition, the Plan will result in a stronger, de-levered

balance sheet for the Debtors while allowing creditors to participate in future upside in the Reorganized Debtors. Specifically, the Plan contemplates a restructuring of the Debtors through a debt-for-equity conversion and the issue of warrants to purchase stock in the Reorganized Debtors. The key terms of the Plan are as follows:

A. Exit Revolver Credit Facility

On the Effective Date, the Reorganized Debtors shall enter into the Exit Revolver Credit Facility. The Exit Revolver Credit Facility may be provided by the existing RBL Agent and RBL Lenders or one or more third-party lenders. The Exit Revolver Credit Facility shall consist of a new reserve-based revolving credit facility with an aggregate principal availability on the Effective Date of up to $200 million. Additional terms of the Exit Revolver Credit Facility will be set forth in the Exit Revolver Credit Facility Documents as reasonably acceptable to the Debtors and (in the event such Exit Revolver Credit Facility is provided by the RBL Lenders) the RBL Agent.

B. New Second Lien Credit Facility

On the Effective Date, the Reorganized Debtors shall enter into the New Second Lien Credit Facility. The New Second Lien Credit Facility shall consist of a term loan with a principal amount of $[100] million. The New Second Lien Credit Facility shall be funded by the existing RBL Credit Agreement and shall: (i) be secured by a second lien on all assets of Reorganized Sabine, inclusive of cash (which cash shall be subject to a deposit account control agreement); (ii) have an interest rate of [LIBOR (subject to a 1.0 percent floor) plus 9.0 percent and annual amortization of 1.0 percent]; (iii) a maturity date of December 31, 2021. Additional terms of the New Second Lien Credit Facility will be as set forth in the New Second Lien Credit Facility Documents as reasonably acceptable to the Debtors and the RBL Agent.

C. Issuance of New Common Stock and Warrants

The Holders of Allowed RBL Secured Claims shall receive 93 percent of the New Common Stock in the Reorganized Debtors (the "RBL Equity Pool"), subject to dilution by the Management Incentive Plan. The Holders of Allowed RBL Deficiency Claims, Allowed Second Lien Claims, Allowed Senior Notes Claims, and Allowed General Unsecured Claims will receive in the aggregate 7 percent of the New Common Stock and 100 percent of the Warrants to acquire [20] percent of the New Common Stock (together, the "Unsecured Equity Pool"), subject to dilution by the Management Incentive Plan. The Warrants shall have a five-year term and a Warrant Strike Price that assumes a total equity value of $[1.0] billion, less the principal amount outstanding under the Exit Revolver Credit Facility and the New Second Lien Credit Facility plus any Cash retained by the Reorganized Debtors.

D. Settlement of Claims

The Plan incorporates a release and settlement (the "Settlement") of certain claims and causes of action that were asserted or could have been asserted by or against the Debtors. The Debtors or Reorganized Debtors (as the case may be) shall use the applicable proceeds of the Settlement to fund distributions under the Plan in accordance with Article VIII.A of the Plan. A more fulsome discussion of the Settlement is provided in Article IV.P of this Disclosure Statement.

E. Releases

The Plan contains certain releases (as described more fully in Article IV.Q hereof), including mutual releases between the Debtors, on the one hand, and (i) the RBL Agent, (ii) the RBL Lenders, (iii) the Second Lien Agent, (iv) the Second Lien Lenders, (v) the Senior Notes Indenture Trustees, (vi) the Senior Notes Holders, (vii) the Official Committee of Unsecured Creditors in these chapter 11 cases (the "Committee") and Committee Members (as defined herein), (viii) current direct and indirect Interest Holders in Sabine; (ix) any Holder of a Claim and/or Interest; and (x) the DTC, on the other hand. The Plan also provides that each holder of a Claim and/or Interest that does not elect to opt out of the third party release provision contained in Article VIII.G of the Plan, will be deemed to have expressly, unconditionally, generally, individually, and collectively released and discharged and released all Claims and Causes of Action against the Debtors, the Reorganized Debtors, and the Released Parties.

IV. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE PLAN

A. What is Chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I Entitled to Vote on the Plan?

Your ability to vote on, and your distribution under, the Plan, if any, depends on what type of Claim or Interest you hold. Each category of holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below.

Class	Claims and Interests	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
3	RBL Secured Claims	Impaired	Entitled to Vote
4	RBL Deficiency Claims	Impaired	Entitled to Vote
5	Second Lien Claims	Impaired	Entitled to Vote
6	Senior Notes Claims	Impaired	Entitled to Vote
7	General Unsecured Claims	Impaired	Entitled to Vote
8	Convenience Claims	Impaired	Entitled to Vote
9	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
10	Intercompany Claims	Impaired/Unimpaired	Not Entitled to Vote (Presumed to Accept/Deemed to Reject)
11	Intercompany Interests	Impaired/Unimpaired	Not Entitled to Vote (Presumed to Accept/Deemed to Reject)
12	Sabine Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

D. What will I receive from the Debtors if the Plan is consummated?

The following table provides a summary of the anticipated recovery to holders of Claims and Interests under the Plan. Any estimates of Claims and Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE.[3] FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

Class	Description of Class	Treatment of Claim/Equity Interest	Projected Amount of Claims	Projected Recovery Under the Plan
1	Other Priority Claims	Each Holder shall receive payment in full in cash, of the unpaid portion of its Other Priority Claim on the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, shall be paid in accordance with its terms) or pursuant to such other terms as may be agreed to by the Holder of an Allowed Other Priority Claim and the Debtors.	$[●]	[●]%
2	Other Secured Claims	Each Holder shall receive either (i) payment in full in cash of the unpaid portion of its Allowed Other Secured Claim on the Effective Date or as soon thereafter as reasonably practicable (or if payment is not then due, shall be paid in accordance with its terms), (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other recovery necessary to satisfy section 1129 of the Bankruptcy Code.	$[●]	[●]%
3	RBL Secured Claims	Each Holder shall receive its Pro Rata share of (i) loans (which shall be zero on the Effective Date) and commitments under the Exit Revolver Credit Facility, unless the Exit Revolver Credit Facility is financed by one or more third-party lenders, (ii) loans under the New Second Lien Credit Agreement, (iii) the RBL Equity Pool; and (iv) all Cash held by any of the Debtors as of the Effective Date.	$[●]	[●]%
4	RBL Deficiency Claims	Each Holder shall receive its Pro Rata share of the Unsecured Equity Pool.	$[●]	[●]%
5	Second Lien Claims	Each Holder shall receive its Pro Rata share of the Unsecured Equity Pool.	$[●]	[●]%
6	Senior Notes Claims	Each Holder shall receive its Pro Rata share of the Unsecured Equity Pool.	$[●]	[●]%
7	General Unsecured Claims	Each Holder shall receive its Pro Rata share of the Unsecured Equity Pool.	$[●]	[●]%

[3] The projected recoveries set forth herein and elsewhere in this disclosure statement are based on certain assumptions, as described in further detail in the Debtors' Valuation Analysis, which is attached hereto as **Exhibit D**.

Class	Description of Class	Treatment of Claim/Equity Interest	Projected Amount of Claims	Projected Recovery Under the Plan
9	Convenience Claims	Each Holder shall receive, subject to applicable law, Cash in an amount equal to its Pro Rata share of $[__].	$[●]	N/A
10	Section 510(b) Claims	Each Section 510(b) Claim shall be discharged, cancelled, released, and extinguished without any distribution and Holders of Section 510(b) Claims will receive no recovery.	$[●]	0%
11	Intercompany Claims	Intercompany Claims may be Reinstated as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, be cancelled, and no distribution shall be made on account of such Claims.	$[●]	0%/100%
12	Intercompany Interests	Intercompany Interests may be Reinstated as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, be cancelled, and no distribution shall be made on account of such Interests.	$[●]	0%/100%
13	Existing Equity Interests in Sabine	Equity Interests in Sabine shall be deemed canceled and extinguished, and shall be of no further force and effect, whether surrendered for cancelation or otherwise, and there shall be no distribution to holders of Sabine Equity Interests on account of such Interests.	$[●]	100%

E. What will I receive from the Debtors if I hold an Allowed Administrative Claim or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan. Administrative Claims will be satisfied as set forth in Article II.A of the Plan, and Priority Tax Claims will be satisfied as set forth in Article II.C of the Plan.

F. Are any regulatory approvals required to consummate the Plan?

No. There are no known regulatory approvals that are required to consummate the Plan.

G. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their businesses. It is possible that any alternative may provide holders of Claims and Interests with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* the Liquidation Analysis attached hereto as **Exhibit E**.

H. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go

effective. Initial distributions to holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as practicable thereafter, as specified in the Plan. *See* "Confirmation of the Plan," which begins on page 70 of this Disclosure Statement, for a discussion of the conditions precedent to consummation of the Plan.

I. What are the sources of Cash and other consideration required to fund the Plan?

The Plan will be funded by the following sources of Cash and consideration: (i) Cash on hand; (ii) exit financing facilities including (x) a revolving credit facility with a contemplated borrowing base of up to $200 million and (y) a term loan of $[100] million; (iii) new equity in Reorganized Sabine; (iv) warrants to purchase new equity in Reorganized Sabine; and (v) the Settlement.

J. Will the Reorganized Debtors be obligated to continue to pay statutory fees after the Effective Date?

Yes. On the Effective Date, the Debtors will be required to pay in Cash any fees due and owing to the United States Trustee for Region 2 (the "U.S. Trustee") at the time of Confirmation. Additionally, on and after the Confirmation Date, the Reorganized Debtors must pay all statutory fees due and payable under 28 U.S.C. § 1930(a)(6) plus accrued interest under 31 U.S.C. § 3717, on all disbursements, including plan payments and disbursements inside and outside of the ordinary course of business until the entry of a final decree, dismissal or conversion of the cases to chapter 7. The Reorganized Debtors will also be required to comply with reporting requirements, such as filing quarterly post-Confirmation reports and scheduling quarterly post-Confirmation status conferences until the entry of a final decree, dismissal or conversion of the cases to chapter 7.

K. Are there risks to owning the New Common Stock upon emergence from chapter 11?

Yes. For further discussion, see Article IX, which begins on page 61 of this Disclosure Statement.

L. Is there potential litigation related to the Plan?

Parties-in-interest may object to the approval of this Disclosure Statement and/or Confirmation of the Plan, either of which could potentially give rise to litigation. *See* Article IX.A.1, which begins on page 61 of this Disclosure Statement.

In the event that it becomes necessary to confirm the Plan over the objection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such objecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if the Court determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article XI.E, which begins on page 71 of this Disclosure Statement, for additional information.

M. What is the Management Incentive Plan and how will it affect the distribution I receive under the Plan?

On the Effective Date, equity grants equal to 10 percent of the New Common Stock (on a fully diluted basis) shall be reserved for the benefit of certain continuing employees of the Reorganized Debtors, the summary terms of which plan are attached to the Plan as **Exhibit 1**.

N. Will the final amount of Allowed General Unsecured Claims affect my recovery under the Plan?

Approximately 1,500 claims, including approximately $3.15 billion in claims listed or scheduled as unsecured (including the Senior Notes Claims and General Unsecured Claims), have been filed and/or scheduled in these chapter 11 cases since the Petition Date. Each holder of a General Unsecured Claim shall receive its Pro Rata share of the Unsecured Equity Pool. For the avoidance of doubt, Class 7 shall not include any Claim that would otherwise be a General Unsecured Claim if the holder of such Claim has elected to have such Claim treated as a Convenience Claim. Although the Debtors' estimate of General Unsecured Claims is the result of the Debtors' and

their advisors' current estimate of available information, General Unsecured Claims actually asserted against the Debtors may be higher or lower than the Debtors' estimate provided herein, which difference could be material. Further, the Debtors or the Committee may object to certain proofs of claim, and any such objections could ultimately cause the total amount of General Unsecured Claims to change. These changes could affect recoveries for holders of Claims in Classes 4, 5, 6, 7, and 8, and such changes could be material.

O. How will Claims asserted with respect to rejection damages affect my recovery under the Plan?

The Debtors estimate that the General Unsecured Claims include approximately $139 million in estimated Claims arising from the Debtors' rejection of Executory Contracts and Unexpired Leases. The Debtors are rejecting and in the future may reject certain Executory Contracts and Unexpired Leases, which may result in additional rejection damages claims not accounted for in this estimate. To the extent that the actual amount of rejection damages claims changes, the value of recoveries to holders of Claims in Classes 4, 5, 6, and 7 could change as well, and such changes could be material.

P. What is the Settlement and how will the release of Settled Claims affect my recovery under the Plan?

As described below, the Debtors, with the assistance of their advisors, continued to investigate and value certain claims and the reasonableness of a settlement and/or release of certain of those claims with an eye towards emergence and development of a plan. As a result of this investigation, the Debtors concluded that the costs of pursuing litigation with respect to claims other than those brought pursuant to the Adversary Proceeding strongly outweighed any benefits to the Debtors' estates that might be obtained from litigating such claims. Accordingly, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates an integrated compromise and settlement of certain claims, and a release of other claims.

Specifically, the Plan provides for the release of the following claims (the "Settlement Released Claims"):

i. Claims to avoid $1.32 billion of obligations, including (i) $620 million from the Old Sabine RBL and (ii) $700 million from the Old Sabine Second Lien Credit Facility;

ii. Claims to (i) avoid the liens transferred to secure the parent company's incurrence of Old Sabine's secured indebtedness, (ii) preserve those liens for the benefit of Sabine, and (iii) recover for the parent estate the diminution of the value of the liens due to a decline in the value of the collateral since the liens were transferred, to the extent such Claims and Causes of Action are not set forth in the Adversary Proceeding and included in the Settled Claims;

iii. Claims to avoid and recover, for the benefit of Sabine, over $200 million in payments made by Sabine from the date of closing the Combination to the Petition Date, to the RBL Agent and Second Lien Agent, and to or for the benefit of the RBL Lenders and the Second Lien Lenders on the basis that the underlying obligations are avoidable;

iv. Claims to avoid and recover, for the benefit of Sabine, payments made by Sabine to the lenders under the Old Sabine RBL;

v. Claims to avoid, at each of Old Sabine's subsidiaries (the "Legacy Sabine Subsidiaries"), incremental secured obligations that were previously only obligations of Forest Oil (*i.e.*, $105 in respect of the Old Forest RBL);

vi. Claims to avoid at each of the Legacy Sabine Subsidiaries the further $356 million obligation incurred under the RBL Credit Facility as a result of the $356 million draw on February 25, 2015;

vii. Claims to avoid at each of the Legacy Sabine Subsidiaries the $50 million of incremental obligations incurred under the Second Lien Credit Facility in excess of the Old Sabine Second Lien Credit Facility;

viii. Claims to avoid liens transferred in connection with the Legacy Sabine Subsidiaries' incremental guarantees of obligations under the RBL Facility and the Second Lien Credit Facility, preserve those liens for the benefit of the estates, and recover for the Legacy Sabine Subsidiaries' estates the diminution of the value of the liens due to a decline in the value of the collateral since the liens were transferred;

ix. Claims to avoid, for the benefit of the parent estate, the liens on the Legacy Sabine Subsidiaries' assets that such Legacy Sabine Subsidiaries granted to the RBL Lenders, to the extent that Forest Oil value was dedicated to, and improved the value of, such assets, and the recovery of the value of those liens for the benefit of Sabine;

x. Claims to avoid, for the benefit of Sabine, the liens on the Legacy Sabine Subsidiaries granted to the Second Lien Lenders, to the extent that Forest Oil value was dedicated to, and improved the value of, such assets, and the recovery of the value of those liens for the benefit of Sabine;

xi. Claims to avoid, as intentional fraudulent conveyances, the RBL Credit Facility obligations at Sabine;

xii. Claims to avoid, as intentional fraudulent conveyances, the RBL Credit Facility obligations at each of the Legacy Sabine Subsidiaries;

xiii. Claims to avoid, as intentional fraudulent conveyances, the liens granted by the Legacy Sabine Subsidiaries to secure the RBL Credit Facility obligations;

xiv. Claims to avoid, as intentional fraudulent conveyances, the Second Lien Credit Facility obligations at Sabine;

xv. Claims to avoid, as intentional fraudulent conveyances, the liens granted by Sabine to secure the Second Lien Credit Facility obligations;

xvi. Claims to avoid, as intentional fraudulent conveyances, the $50 million in incremental obligations incurred under the Second Lien Credit Facility by the Legacy Sabine Subsidiaries at the closing of the Combination;

xvii. Claims to avoid, as intentional fraudulent conveyances, the liens granted by the Legacy Sabine Subsidiaries to the extent that such liens secure the $50 million in avoidable obligations under the Second Lien Credit Facility;

xviii. Claims to avoid, as intentional fraudulent conveyances, the approximately $620 million in payments made in respect of the RBL Credit Facility at the closing of the Combination;

xix. Claims to avoid, as intentional fraudulent conveyances, all post-Combination payments of principal, interest and fees in respect of the RBL Credit Facility and the Second Lien Credit Facility, including the $185 million of proceeds of the sale of the Arkoma assets of Forest Oil that were used two days after the Combination to pay down the balance of the RBL Credit Facility;

xx. Claims that a security interest was not given in the intercompany note to the RBL Lenders in connection with the RBL Credit Facility;[4]

[4] The RBL Credit Facility contemplated the execution of an intercompany note to evidence any intercompany indebtedness between and among any of the Debtors. While the Committee alleges that the Debtors did not perfect their security interest in the intercompany note, the Debtors have confirmed that the intercompany note dated as of December 16, 2014 is in the (Continued…)

xxi. Claims and Causes of Action identified in the Committee's *Proposed Complaint For (I) Intentional Fraudulent Conveyance; (II) Breach of Fiduciary Duty; (III) Aiding And Abetting Breach of Fiduciary Duty; (IV) Equitable Subordination; (V) Debt Recharacterization; (IV) And Related Relief* annexed to the *Second Motion of the Official Committee Of Unsecured Creditors For (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 609], including breach of fiduciary duty, aiding and abetting breaches of fiduciary duty, equitable subordination, and recharacterization; and

xxii. Any other Claims or Causes of Action considered pursuant to the *Analysis of Potential Causes of Action: Constructive Fraudulent Transfer*, dated as of October 26, 2015, and the *Analysis of Potential Estate Causes of Action: Intentional Fraudulent Transfer, Breach of Fiduciary Duty, and Equitable Subordination*, dated as of December 1, 2015 (and as revised December 21, 2015), each as prepared on behalf of the Independent Directors' Committee, other than those Claims and Causes of Action set forth in the Adversary Proceeding and included in the Settled Claims.

The Plan also provides for the settlement of the following Claims (collectively, the "Settled Claims"), as follows:

i. Claims that the $252 million of cash on hand as of the Petition Date (the "Disputed Cash"), a portion of which has been used for the Debtors' operations and the administration of these chapter 11 estates, was not subject to any liens, security interests, or equitable interests of the Debtors' secured lenders, and therefore the entirety of such Disputed Cash was unencumbered on the Petition Date, shall be settled as if (i) the Disputed Cash had been totally unencumbered as of the Petition Date, (ii) all of the Disputed Cash remaining on the Effective Date (which the Debtors currently estimate will equal $75 million) is treated as unencumbered, (iii) the evidence-based tracing method had been implemented for tracing the comingled Disputed Cash, and (iv) the RBL Lenders had been unsuccessful in establishing a constructive trust on the Disputed Cash on account of the Debtors' solvency representation made in connection with the February 25, 2015 draw of substantially all of the remaining availability under the RBL Credit Facility;

ii. The value of the RBL Lenders' adequate protection claim resulting from the diminution in the value of their interest in their collateral as provided for under the Final Cash Collateral Order shall be assumed to be at least $200 million for Plan purposes;

iii. Claims that the RBL Lenders do not have valid and perfected liens on the "unitized" leases (that is, leases that are not expressly listed on a mortgage exhibit but that are unitized with other leases that are expressly listed on a mortgage exhibit) shall be settled by providing 1 percent of the total value of the leases at issue on account of such claims for distribution to unsecured creditors;

iv. Claims that the RBL Lenders do not have valid and perfected liens on wells and leases acquired after the aforementioned "unitized" leases that were pooled or unitized with the hydrocarbon property shall be given a 0 percent chance of success for purposes of the Settlement;

v. Claims that 199 of the Debtors' oil and gas leases were not properly recorded because the mortgages do not list recording information, such as book and page numbers, or that such mortgages contain other unspecified defects, shall be given a 0 percent chance of success for purposes of the Settlement;

possession of the RBL Lenders, which possession constitutes perfection under applicable state law. Accordingly, this claim is treated as a Settlement Released Claim under the Plan.

vi. Claims that the RBL Lenders hold a valid mortgage on all 3,338 of the leases located in the counties in which several mortgage documents were filed shall be given a 0 percent chance of success for purposes of the Settlement;

vii. Claims that the mortgages on properties granted pursuant to the forbearance agreements with the RBL Lenders and the Second Lien Lenders should be avoided as preferential transfers under section 547 of the Bankruptcy Code shall be settled by providing such Claims with $2,000,000 on account of such claims for distribution to unsecured creditors;

viii. Claims that the $645,000 worth of mortgages on the 85 leases granted to the Second Lien Lenders should be avoided as preferential transfers under section 547 of the Bankruptcy Code shall be settled by providing such Claims with a 100 percent chance of success on account of such claims for distribution to unsecured creditors;

ix. Claims that the RBL Lenders and Second Lien Lenders hold blanket liens on all of the Debtors' personal property including general intangibles unrelated to hydrocarbons shall be given a 0 percent chance of success for purposes of the Settlement; and

x. Claims that the Huntington Payment and the ML Commodities Payment (i) were unauthorized postpetition transfers and should be avoided pursuant to sections 549 and 550 the Bankruptcy Code and (ii) "unduly disadvantaged" the Debtors and the unsecured creditors and should be unwound shall be given a 100 percent chance of success for purposes of the Settlement.

The release of the Settlement Released Claims and the settlement of the Settled Claims provided for in the Plan and the distributions and other benefits provided for under the Plan shall be in full satisfaction of any and all potential Claims that could have been asserted, regardless of whether any of the foregoing Settled Claims and Settlement Released Claims are identified herein. Distributions resulting from the settlement and compromise of the Settled Claims shall be effected through the creation of the Unsecured Equity Pool.

The entry of the Confirmation Order shall constitute the Court's approval, as of the Effective Date, of the compromise or settlement of all such Settled Claims and the Court's determination that such compromises and settlements are in the best interests of the Debtors, their estates, the Reorganized Debtors, creditors and all other parties in interest, and are fair, equitable and within the range of reasonableness. In addition, upon entry of the Confirmation Order, the RBL Lenders shall be deemed to accept, and shall contribute a portion of their right to New Common Stock to effectuate, the Settlement. The compromises, settlements, and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan.

Q. Will there be releases and exculpation granted to parties-in-interest as part of the Plan?

Yes, the Plan proposes to release the Debtors, the Reorganized Debtors, and the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts. Specifically, the ability of the Reorganized Debtors to avoid protracted, post-Effective Date litigation among themselves and the Released and Exculpated Parties will be greatly reduced without the Releases and Exculpations contemplated in the Plan.

Each holder of a Claim and/or Interest that does not elect on its Ballot to opt out of the third party release provision contained in Article VIII.G of the Plan will be deemed to have expressly, unconditionally, generally, individually, and collectively released and discharged and released all Claims and Causes of Action against the Debtors, the Reorganized Debtors, and the Released Parties. The releases represent an integral element of the Plan.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for and propriety of the release and exculpation provisions.

1. Release in Favor of RBL Agent and RBL Lenders

Except as otherwise provided in the Plan, as of the Effective Date and to the fullest extent authorized by applicable law, the Debtors, the Reorganized Debtors, the Estates, the Second Lien Agent, the Second Lien Lenders, the Senior Notes Indenture Trustees, the Senior Notes Holders, the Committee and Committee Members, current direct and indirect Interest Holders in Sabine, and any Holder of a Claim and/or Interest, expressly, unconditionally, generally and individually and collectively releases, acquits and discharges the RBL Agent and RBL Lenders from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtors, any Claims asserted or assertable on behalf of any holder of any Claim against or Interest in the Debtors and any Claims asserted or assertable on behalf of any other entity, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such party or parties (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, the Debtors' intercompany transactions (including dividends paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, or any other transaction relating to any security of the Debtors, or any other transaction or other arrangement with the Debtors whether before or during the Restructuring Transactions, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and any of such party or parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan, the negotiation, formulation or preparation of the Restructuring Transactions, the Plan, the Plan Supplement, the Disclosure Statement or any related agreements, any asset purchase agreement, instruments or other documents created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction; *provided* that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification Claims against the Debtors or any of their insurance carriers or any rights as beneficiaries of any insurance policies, which indemnification obligations and insurance policies shall be assumed by the Reorganized Debtors. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any of the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

2. Release of Liens

Except as otherwise specifically provided in the Plan, the Exit Revolver Credit Facility Documents or the New Second Lien Credit Facility Documents (including in connection with any express written amendment of any mortgage, deed of trust, Lien, pledge, or other security interest under the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents), or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns, in each case, without any further approval or order of the Court and without any action or Filing being required to be made by the Debtors. In addition, the RBL Agent and the Second Lien Agent shall execute and deliver all documents reasonably requested by the Debtors, Reorganized Debtors, or administrative agent(s) for the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents to evidence the release of such mortgages, deeds of trust, Liens, pledges, and other

security interests and shall authorize the Reorganized Debtors to file UCC-3 termination statements (to the extent applicable) with respect thereto.

3. Debtor Release

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, on and after the Effective Date, the Released Parties are deemed expressly, unconditionally, generally, and individually and collectively, acquitted, released and discharged by the Debtors, the Reorganized Debtors, and the Estates, each on behalf of itself and its predecessors, successors and assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, from any and all Claims including but not limited to Settlement Released Claims and Settled Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, any Claims asserted or assertable on behalf of any Holder of any Claim against or Interest in the Debtors and any Claims asserted or assertable on behalf of any other entity, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such releasing party (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, the Debtors' intercompany transactions (including dividends paid), any preference or avoidance claim pursuant to sections 544, 547, 548, 549, 550, and 551 of the Bankruptcy Code, the purchase, sale or rescission of the purchase or sale of, or any other transaction relating to any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and the Releasing Parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan or any other transaction or other arrangement with the Debtors whether before or during the Restructuring Transactions, the negotiation, formulation or preparation of the Restructuring Transactions, the Plan, the Plan Supplement, the Disclosure Statement or any related agreements, any asset purchase agreement, instruments or other documents (including, for the avoidance of doubt, providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction; *provided* that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification Claims against the Debtors or any of their insurance carriers or any rights as beneficiaries of any insurance policies, which indemnification obligations and insurance policies shall be assumed by the Reorganized Debtors. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any of the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

4. Third Party Release

Except as otherwise provided in the Plan, as of the Effective Date and to the fullest extent authorized by applicable law, each Releasing Party expressly, unconditionally, generally and individually and collectively releases, acquits and discharges the Debtors, Reorganized Debtors, and Released Parties from any and all Claims including but not limited to Settlement Released Claims and Settled Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtors, any Claims asserted or assertable on behalf of any holder of any Claim against or Interest in the Debtors and any Claims asserted or assertable on behalf of any other entity,

whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such Releasing Party (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, the Debtors' intercompany transactions (including dividends paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, or any other transaction relating to any security of the Debtors, or any other transaction or other arrangement with the Debtors whether before or during the Restructuring Transactions, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and any of the Releasing Parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan, the negotiation, formulation or preparation of the Restructuring Transactions, the Plan, the Plan Supplement, the Disclosure Statement or any related agreements, any asset purchase agreement, instruments or other documents (including, for the avoidance of doubt, providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction; *provided* that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification Claims against the Debtors or any of their insurance carriers or any rights as beneficiaries of any insurance policies, which indemnification obligations and insurance policies shall be assumed by the Reorganized Debtors. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any of the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

5. Exculpation

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim; *provided* that the foregoing "Exculpation" shall have no effect on the liability of any entity that results from any such act or omission that is determined by a Final Order to have constituted gross negligence or willful misconduct. The Exculpated Parties have participated in any and all activities potentially underlying any Exculpated Claim in good faith and in compliance with the applicable laws.

6. Injunction

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been settled pursuant to Article VIII.A of the Plan, released pursuant to Article VIII.F, or Article VIII.G of the Plan, discharged pursuant to Article VIII.C of the Plan, or are subject to exculpation pursuant to Article VIII.H of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Non-Debtor Subsidiaries, the Reorganized Debtors, the Released Parties or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any lien or encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of

or in connection with or with respect to any such Claims or Interests; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan. Notwithstanding anything to the contrary in the foregoing, the injunction does not enjoin any party under the Plan or under any document, instrument, or agreement (including those attached to the Disclosure Statement or set forth in the Plan Supplement) executed to implement the Plan from bringing an action to enforce the terms of the Plan or such document, instrument, or agreement (including those attached to the Disclosure Statement or set forth in the Plan Supplement) executed to implement the Plan.

7. Waiver of Statutory Limitations on Releases

Each Releasing Party in each of the releases contained in the Plan (including under Article VIII of the Plan) expressly acknowledges that although ordinarily a general release may not extend to claims which the Releasing Party does not know or suspect to exist in his favor, which if known by it may have materially affected its settlement with the party released, each Releasing Party has carefully considered and taken into account in determining to enter into the above releases the possible existence of such unknown losses or claims. Without limiting the generality of the foregoing, each Releasing Party expressly waives any and all rights conferred upon it by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of executing the release, which if known by it may have materially affected its settlement with the released party, including the provisions of California Civil Code Section 1542. The releases contained in Article VIII of the Plan are effective regardless of whether those released matters are presently known, unknown, suspected or unsuspected, foreseen or unforeseen.

R. When will the Plan Supplement be filed and what will it include?

The Plan Supplement, the compilation of documents and forms of documents, schedules, and exhibits to the Plan, will be Filed and served consistent with the requirements under the order approving the Disclosure Statement no later than 10 days before the Voting Deadline (as defined herein), and will include, but is not limited to, the following, as applicable: (i) the New Organizational Documents; (ii) the Warrant Agreement; (iii) the Schedule of Rejected Executory Contracts and Unexpired Leases; (iv) a list of retained Causes of Action; (v) the Management Incentive Plan Documents; (vi) the Exit Revolver Credit Facility Agreement; (vii) the New Second Lien Credit Agreement; (h) a document listing the members of the New Boards; and (viii) the Stockholders Agreement. The Debtors shall have the right to amend the documents contained in, and exhibits to, the Plan Supplement through the Effective Date.

S. What are the terms of the Exit Revolver Credit Facility and the New Second Lien Credit Facility?

The Exit Revolver Credit Facility shall consist of a new reserve-backed revolving credit facility with an aggregate principal availability on the Effective Date equal to up to $200 million. The Exit Revolver Credit Facility shall be secured by a first lien on substantially all assets of the Reorganized Debtors (including Cash). The other terms of the Exit Revolver Credit Facility shall be as provided in the Exit Revolver Credit Facility Documents as reasonably acceptable to the Debtors and (in the event such Exit Revolver Credit Facility is provided by the RBL Lenders) the RBL Agent.

The New Second Lien Credit Facility shall consist of a term loan with principal amount of $[100] million. The New Second Lien Credit Facility shall be funded by the existing RBL Credit Agreement and shall: (i) be secured by a second lien on substantially all assets of Reorganized Sabine (including Cash); (ii) have an interest rate of [LIBOR (subject to a 1.0 percent floor) plus 9.0 percent and annual amortization of 1.0 percent]; and (iii) a maturity date of December 31, 2021. The other terms of the New Second Lien Credit Facility shall be as provided in the New Second Lien Credit Facility Documents as reasonably acceptable to the Debtors and the RBL Agent.

T. What is the deadline to vote on the Plan?

The Voting Deadline is [April 19], 2016 at [5:00] p.m. (prevailing Eastern Time).

U. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to holders of Claims that are entitled to vote on the Plan. For your vote to be counted, your ballot must be properly completed and signed so that it is **actually received** by [April 19], 2016 at [5:00] p.m. (prevailing Eastern Time) at the following address: Sabine Ballot Processing, c/o Prime Clerk LLC, 830 Third Avenue, 3rd Floor, New York, NY 10022. Ballots submitted other than as described herein (including any ballots submitted by email or facsimile) will not be accepted or counted.

V. Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan.

W. When is the Confirmation Hearing set to occur?

The Bankruptcy Court has scheduled the Confirmation Hearing for [DATE], 2016 at [__] (prevailing Eastern Time). The Confirmation Hearing may be adjourned from time to time without further notice.

Objections to Confirmation of the Plan must be filed and served on the Debtors and certain other parties by no later than [April 19], 2016 at [5:00] p.m. (prevailing Eastern Time) in accordance with the notice of the Confirmation Hearing that accompanies this Disclosure Statement and the Disclosure Statement Order attached hereto as **Exhibit B** and incorporated herein by reference.

The Debtors will publish the notice of the Confirmation Hearing, which will contain the deadline for objections to the Plan and the date and time of the Confirmation Hearing in the following publications and any other publication of their choosing to provide notification to those persons who may not receive notice by mail: USA Today (National Edition); Henderson Daily News (Rusk, Texas); Jacksonville Daily Progress (Cherokee, Texas); Panola Watchman (Panola, Texas); Marshall News Messenger (Harrison, Texas); Coushatta Citizen (Red River Parish, Louisiana); Gonzales Inquirer (Gonzales, Texas); Cuero Record & Yorktown News View (DeWitt, Texas); and Shiner Gazette (Lavaca, Texas).

X. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

Y. What is the effect of the Plan on the Debtors' ongoing business?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code. As a result, Confirmation means that the Debtors will not be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date selected by the Debtors on which on which: (i) no stay of the Confirmation Order is in effect; (ii) all conditions precedent specified in Article IX.A of the Plan have been satisfied or waived (in accordance with Article IX.B of the Plan); and (iii) the Plan is declared effective. On or after the Effective Date, and unless otherwise provided in the Plan, the Reorganized Debtors may operate their business and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

Z. Will any party have significant influence over the corporate governance and operations of the Reorganized Debtors?

As of the Effective Date, the term of the current members of the board of directors of the Debtors shall expire, and the New Boards shall be appointed in accordance with the New Organizational Documents and other constituent documents of each Reorganized Debtor. The officers of each of the Debtors as of the Effective Date shall remain as officers of the Reorganized Debtors unless otherwise provided for in the New Organizational Documents or other constituent documents of the Reorganized Debtors.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the initial New Boards, as well as those Persons that will serve as an officer of Reorganized Sabine or any of the Reorganized Debtors. The New Board of Reorganized Sabine shall consist of those individuals disclosed prior to the Confirmation Hearing. Successors will be elected in accordance with the New Organizational Documents of Reorganized Sabine.

To the extent any such director or officer is an "insider" under the Bankruptcy Code, the nature of any compensation to be paid to such director or officer will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of Reorganized Sabine and the Reorganized Debtors.

AA. Whom do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtors' Notice and Claims Agent, Prime Clerk, LLC:

By regular mail hand delivery or overnight mail at:

Sabine Ballot Processing
c/o Prime Clerk LLC
830 Third Avenue, 3rd Floor
New York, NY 10022

By electronic mail at:

sabineballots@primeclerk.com

By telephone at:

(866) 692-6696

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in these chapter 11 cases are available upon written request to the Debtors' Notice and Claims Agent at the address above or by downloading the exhibits and documents from the website of the Debtors' Notice and Claims Agent at http://cases.primeclerk.com/sabine (free of charge) or the Bankruptcy Court's website at www.nysb.uscourts.gov (for a fee).

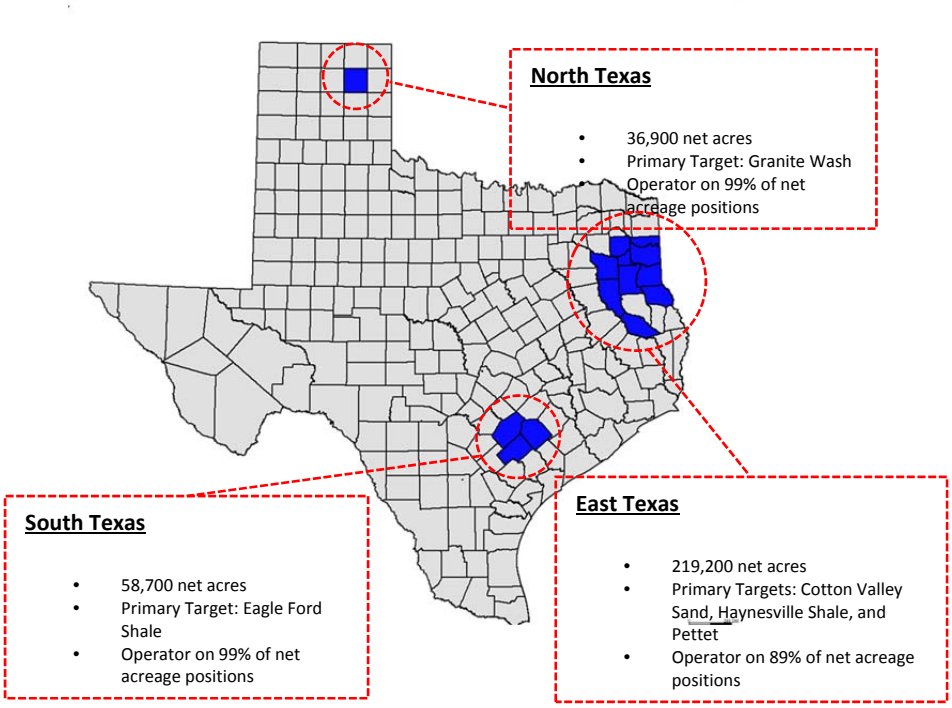
BB. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe the Plan provides for a larger distribution to the Debtors' creditors than would otherwise result from any other available alternative including a sale or liquidation. The Debtors believe the Plan, which contemplates a significant deleveraging, is in the best interest of all holders of Claims, and that other alternatives fail to realize or recognize the value inherent under the Plan.

V. THE DEBTORS' BUSINESS OPERATIONS AND CAPITAL STRUCTURE

A. Overview of the Debtors' Business and Industry[5]

The Debtors' current operations are principally located in the Cotton Valley Sand and Haynesville Shale in East Texas, the Eagle Ford Shale in South Texas, the Granite Wash in the Texas Panhandle, and the North Louisiana Haynesville.



As of the Petition Date, the Debtor operated, or had joint working interests in, approximately 2,100 oil and gas production sites (approximately 1,800 operating and approximately 315 non-operating) and had approximately 165 full-time employees.

1. History of the Oil and Gas Industry

The existence of oil in the U.S. has been documented since the 1600s. However, the American oil industry did not begin in earnest until 1859, when the first well was drilled specifically to produce oil. Within two years, oil production in the U.S. increased from approximately 15 barrels per day to over 3 million barrels per day. The explosion in production, coupled with increased demand and lack of structure surrounding the supply and refining of oil, created an economically volatile industry.

The quest to control the volatility of the oil market has been, and remains, a constant power struggle among oil producers. Stability was first achieved by Standard Oil, which, at its peak in 1890, controlled almost 90 percent of the refined oil flows in the U.S. Through its dominance of the market, Standard Oil was able to control the price at which oil was sold and the price that producers received for their oil. However, the Supreme Court ordered Standard Oil's dissolution in 1911 after declaring that it operated to monopolize and restrain trade.

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5 For additional details concerning the Debtors and the background to these chapter 11 cases, readers are referred to the *Declaration of Michael Magilton (A) in Support of First Day Motions and (B) pursuant to Local Bankruptcy Rule 1007-2* [Docket No. 3].

Shortly thereafter and partially as a result thereof, the Texas Railroad Commission emerged as the regulatory authority for the oil industry, after being vested with the authority to regulate oil and gas by the Texas legislature. The stability created by the Texas Railroad Commission allowed American oil production to continue at high rates over the next several decades.

In the years leading up to World War II, as domestic reserves declined and worldwide consumption increased, American oil companies embarked on ambitious international exploration programs in order to keep up with increasing international and domestic demand. These programs resulted in the creation of powerful international oil companies ("IOCs"). IOCs expanded across the globe, including into oil-rich Middle Eastern countries such as Iran, Iraq, Kuwait, and Saudi Arabia.

As the strategic and political importance of oil supplies became clear, Middle Eastern governments began pressuring IOCs to enter into profit sharing arrangements. While many IOCs entered into such agreements, they largely retained ownership and control of reserves located in Middle Eastern nations. As a result, producing countries, including Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela, created the Organization of Petroleum Exporting Countries ("OPEC") in 1960 in an effort to gain greater control and ownership over resources located within their own countries. As discussed in greater detail herein, the Debtors' operations have been significantly impacted by the recent and dramatic decline in oil prices, the continued low prices of natural gas, and general uncertainty in the energy market. These macro-economic factors, coupled with the Debtors' substantial debt obligations, have pushed the limits of the Debtors' ability to sustain the weight of their capital structure and devote capital needed to maintain and grow their business. The decline in the price of oil and natural gas has also affected the Debtors' ability to effectuate certain asset sales that could otherwise alleviate their increasing near-term liquidity problems.

As a result of this confluence of factors, the Debtors—like many other similarly situated exploration and production companies ("E&P Companies")—had no choice but to commence these chapter 11 cases to implement court-supervised restructurings of their outsized debt obligations, thereby allowing them to move forward in a drastically changed economic landscape.

2. OPEC

OPEC's objective since its inception has been to coordinate and unify petroleum policies among member countries in order to secure fair and stable prices for petroleum producers and a fair return on capital for those investing in the industry. Initially of limited influence, OPEC's power increased in the 1970s after an embargo enacted on oil exports to the U.S. resulted in a sudden and devastating increase in oil prices. Understanding their power, oil producing nations nationalized their oil industries throughout the 1970s, displacing the IOCs.

OPEC continues to assert its influence over the price of oil, with the price of crude oil increasing steadily over time from OPEC's inception through 2011. Between 2003 and 2011, the price of crude oil rose from approximately $20 per barrel to over $100 per barrel. One unintended consequence of this price increase is that sustained higher oil and gas prices made previously uneconomic resource types, such as tight and shale oil and gas, financially viable.

Not all oil producing countries have been able to take advantage of this development equally. The U.S., in general, and smaller E&P Companies, in particular, have been at the forefront of exploration in unconventional resources. U.S. dominance in the tight and shale oil and gas industry is due, in part, to a well-developed oil field services industry, fewer environmental restrictions as compared to Europe, and a property rights regime incentivizing land owners to allow access to the land.

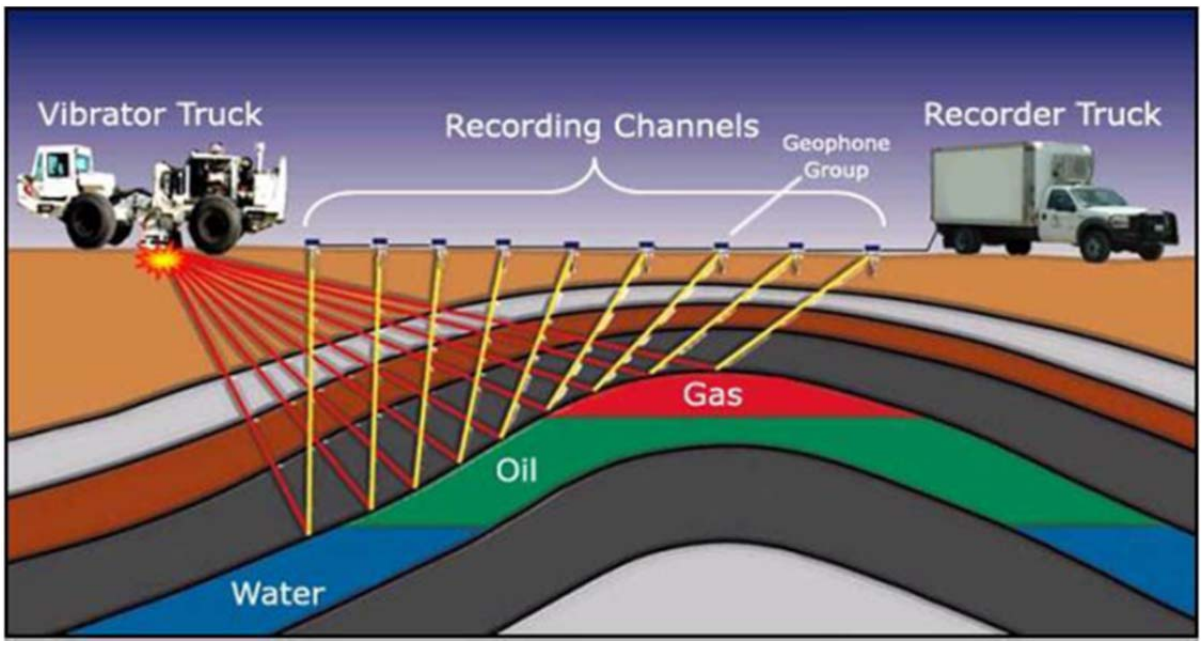
The recent ability of E&P Companies to access unconventional energy sources has reduced American dependence on foreign oil and, as a result, OPEC's power. As overall supply increased, the price of oil and gas decreased. Tight and shale oil and gas exploration and production is a capital intensive process that depends on substantial cash flows to fund exploration. In a move many believe was intended to put pressure on domestic E&P Companies and shift power back to OPEC, OPEC has not decreased production quotas for its member countries. The resulting continued low price of oil and gas and decreased cash flows have put a strain on E&P Companies', such as the Debtors, ability to operate in a capital intensive industry.

3. The Exploration and Production Process

In order to understand the Debtors' capital requirements, it is important to first understand the process by which E&P Companies produce oil. The life cycle of an oil field has five primary stages: (a) identifying the target; (b) drilling an exploration well; (c) drilling appraisal wells; (d) developing the field; and (e) extending the field life. Each step of the exploration and production process requires different personnel and equipment and carries a different level of uncertainty and risk. The early stages of developing an oil field are often the most uncertain and the most expensive.

a. Identifying the Target

The first step of the exploration process is to identify the appropriate target for drilling. E&P Companies use several techniques to determine where oil and gas is located below the earth's surface, including seismic techniques. Seismic operations use sound waves to create an image of subsurface rock layers. During a seismic survey, sound waves are generated by either a vibrator truck or the explosion of dynamite within a hole dug in the ground.



The sound waves move down through the earth and are then partially reflected back to the surface by each rock strata. Geophones placed at the surface record such reflections, which are then sorted and decoded. Sound waves reflect differently off of oil than off of water or gas, indicating where oil may be located. The decoding process is not perfect as there are multiple variables that contribute to the reflection of sound waves back to the surface. As a result, the assumptions used when decoding seismic data can have a significant impact on the resulting image.

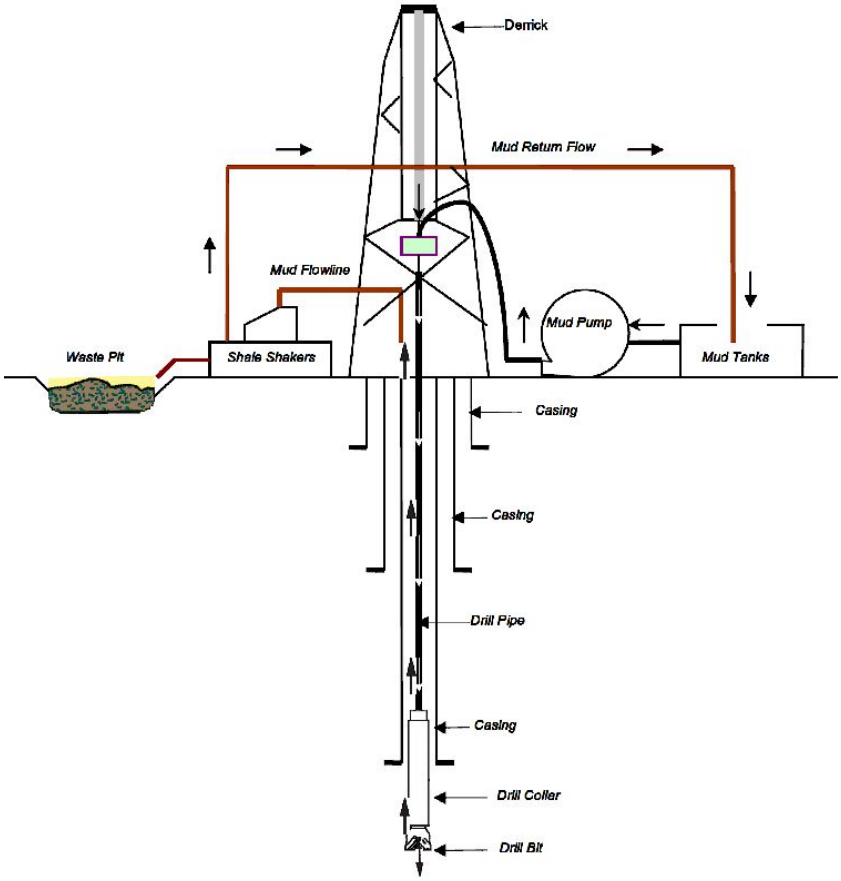
b. Drilling an Exploration Well

Once a set of targets has been identified, the next step is to assess the likelihood of discovering an active hydrocarbon system at each target. This is accomplished through drilling or "spudding" an exploration well. The purpose of an exploration well is to accumulate additional information regarding the surrounding rock formation.

Wells usually are drilled by rotary drilling. Rotary drilling uses a hollow pipe with a drill bit on the end. To facilitate the drilling process, a mixture of chemicals, referred to as "mud," is pumped down the middle of the drill pipe. Mud then exits through the drill bit and circulates back up to the surface between the drill pipe and the walls of the well. The purpose of mud is to carry away cuttings from the drill bit, provide lubrication to prevent the drill pipe from getting stuck in the well bore, provide hydraulic pressure to prevent oil from "blowing out" of the

well, and deposit a thin, impermeable layer of mud over reservoir zones to prevent further invasion and/or damage of the reservoir by drilling fluids.

Wells generally are drilled in stages. When the bottom of each stage is reached, the freshly drilled hole, known as an "open-hole," is cased off with steel pipe, converting the "open-hole" to a "cased-hole." Casing is used to prevent the hole from collapsing on top of the drill pipe. The below illustrates the various components of a well.



Simply drilling a hole into the ground rarely conclusively reveals whether the well has intersected an oil or gas reservoir. This is especially true with respect to shale or tight oil or gas wells, which often require additional operations, including fracking, to start the flow of oil and gas. As a result, once the exploration well is drilled, the E&P Company begins a set of operations designed to acquire additional information regarding the presence, quantity, and location of hydrocarbons in the surrounding area.

Such information can be acquired through a combination of mud analysis, coring, and wirelogging. Mud analysis consists of geologists analyzing the returned mud cuttings to identify what type of rock has been drilled through. However, mud analysis does not shed any light on the depth of each type of rock as cuttings do not necessarily rise to the surface in a uniform manner. Coring involves bringing physical samples from the well to the surface for analysis. Although coring is a more accurate way to assess the formation being drilled through, it is also more expensive.

Wirelogging involves lowering an electrode on the end of a long cable to the bottom of a well and continuously recording the voltage difference between the electrode and the surface while slowly pulling the electrode up to the surface. This process capitalizes on the fact that reservoirs bearing water or hydrocarbon react differently to the drilling mud, producing different voltage responses as the wire-line log moves through the well. Because wirelogging requires access to the well, no drilling may take place while wirelogging is ongoing.

The only way to definitively determine whether oil or gas exists in economic quantities is a well test. A well test involves setting up equipment so that reservoirs can flow oil and gas in a controlled manner. Measurement of flow rates, properties of the fluids or gas produced, and fluid surface pressures will provide an E&P Company with definitive information about the permeability, content, and potential flow rate of a reservoir.

c. Drilling Appraisal Wells

To get a more fulsome picture of the target area, E&P Companies often drill several appraisal wells following the completion of an exploration well, using the same techniques as described above. The purpose of appraisal wells is to delineate the physical size of the reservoir and to gather as much additional information as possible.

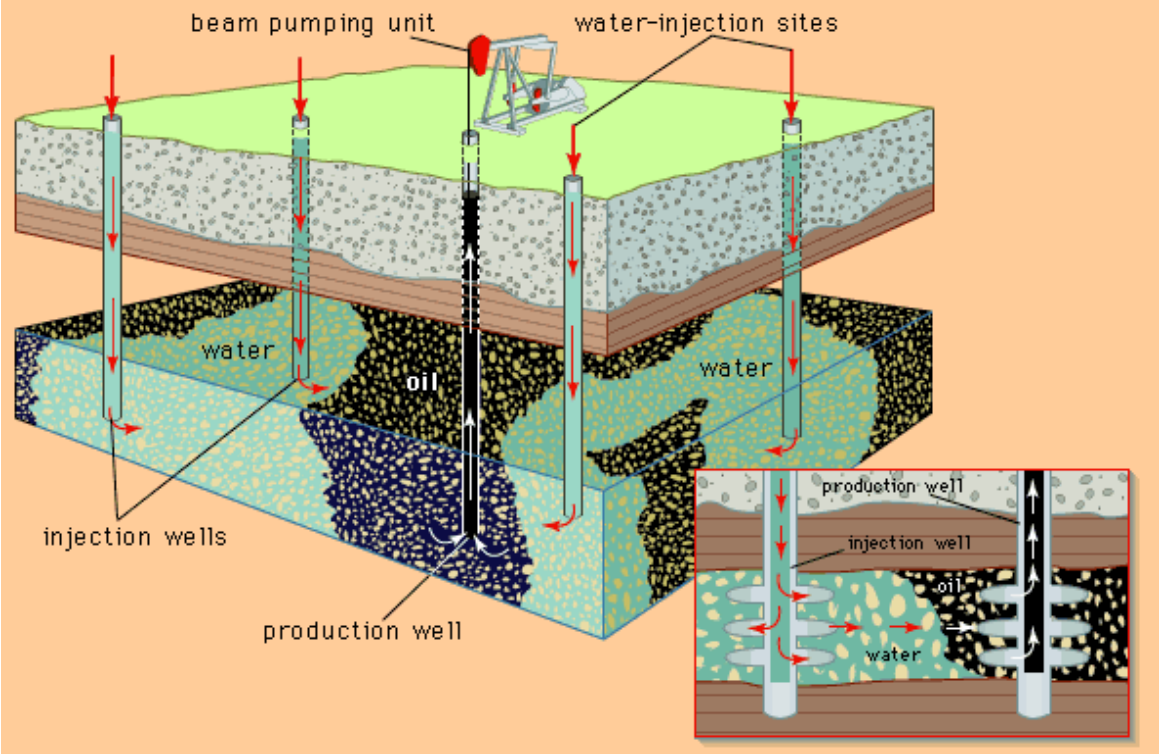
d. Developing the Field

Once an E&P Company has sufficient data to understand the field and determine locations of producing wells, it is time to begin producing oil and gas. For onshore oil, the architecture of an oil field is relatively straightforward. Development wells are drilled at specified locations based upon information gleaned from the exploration and appraisal wells. Oil is gathered by a network of pipes into a central treatment plan where any associated gas or water is removed. The crude oil is then either piped or trucked to a refinery or export terminal. The water or gas removed from the oil will either be reinjected into the field from which it came or be sent to the local gas market.

In the case of onshore gas, gas is piped back to a central processing station, where any water, sulphur, or other impurities are removed. If gas is destined for local market distribution, it is usually treated before being sent to the market. If there is not a sufficient local market for the gas, the gas may be transmitted to a plant for treatment and potentially cooled for export as a liquid.

e. Extending the Life of the Field.

As oil and gas is produced from a reservoir, pressure within the reservoir may drop. As pressure drops, flow rates also tend to drop. Additionally, as pressure decreases, the amount of water produced from the targeted zones increases, increasing the volume of water required to be treated. There are several techniques an E&P Company can employ to maintain higher flow rates after pressure begins to drop. One such method is waterflooding, a technique first introduced by Forest Oil in 1916.



As shown above, waterflooding involves the injection of water into one or more wells, arranged in a pattern around the production well. The injection of water in the area surrounding the well mimics the pressure created by the previously-extracted oil. Increased pressure in the reservoir allows oil to continue flow to the surface at higher rates than would otherwise be possible absent the injection of water.

B. The Debtors' Corporate History and Business Operations

1. The Debtors' Corporate History

The Debtors constitute the surviving business from the Combination of Forest Oil and Old Sabine first announced in May 2014 and consummated in December 2014. Forest Oil was founded in 1916 in Pennsylvania and was known for inventing the "waterflooding" technique described above to initiate secondary recovery of oil. In contrast, Old Sabine was founded in 2007 and primarily has been focused on shale oil and gas since its inception. Today, the Debtors generate the majority of their revenue through sales of oil and natural gas. The majority of the Debtors' oil and natural gas sales are made to midstream oil and natural gas companies throughout the U.S.

2. The Debtors' Business Operations

As of December 31, 2014, the Debtors held interests in approximately 278,500 gross (219,200 net) acres in East Texas, 88,100 gross (58,700 net) acres in South Texas, and 51,400 gross (36,900 net) acres in North Texas. The Debtors generally do not hold 100 percent of the interests in any piece of land in which they have interests. Instead, the Debtors constitute one of several parties with an interest in the land. The Debtors and the other interest holders usually enter into joint operating agreements to govern the parties' responsibilities with respect to the land, including which party (the "Operator") will be responsible for the exploration and production of oil and gas thereon. As of December 31, 2014, the Debtors were the Operator for 88 percent, 99 percent, and 92 percent of its gross producing wells in East Texas, South Texas, and North Texas, respectively.

a. East Texas

The East Texas properties are characterized by several productive horizons, such as the Cotton Valley Sand, Haynesville Shale, Haynesville Lime, Pettet, Bossier Shale, Travis Peak, and other formations. The Debtors'

primary operational focus is directed at the Cotton Valley Sand and Haynesville Shale formations. The East Texas properties primarily are located in Harrison, Panola, and Rusk Counties in Texas and Red River Parish in Northern Louisiana. As of December 31, 2014, the East Texas properties were producing from 1,282 wells in East Texas, and the Debtors were the Operator for 1,125, or 88 percent, of those wells.

In East Texas, as of December 31, 2014, the Debtors sell approximately 60 percent of their natural gas production under one-year contracts to a variety of midstream companies. The remainder of their natural gas production is sold under short-term contracts or spot gas purchase contracts ranging anywhere from one month to one year terms at competitive market prices. Approximately 85 percent of the Debtors' natural gas liquids, as of December 31, 2014, are sold under three to five year gathering and processing contracts to a variety of midstream companies with the remainder sold month-to-month. The Debtors' East Texas crude oil production is sold to one purchaser under a month-to-month contract at competitive market prices.

b. South Texas

The Debtors' South Texas properties are primarily prospective for the Eagle Ford Shale formation. The Debtors' primary operations in South Texas are in the Sugarkane Area, the Shiner Area, and the Eagleville Area. As of December 31, 2014, the Debtors' South Texas properties represented interests in approximately 88,100 gross (58,700 net) acres. As of December 31, 2014, the Debtors' properties were producing from 186 wells in South Texas, and the Debtors were the Operator for 184, or 99 percent, of those wells.

In South Texas, the Debtors sell a majority of their natural gas production under one-year contracts to multiple purchasers. The majority of contracts are month to month beginning July 1, 2015, with 30-day notice of cancellation terms thereafter. The Debtors' South Texas crude oil production is sold to various purchasers under contracts ranging from 30 to 90 days in duration. The Debtors sells their Sugarkane natural gas liquids under a five-year gathering and processing contract. The Debtors' North Shiner and South Shiner natural gas liquids are sold under five year contracts.

c. North Texas

The North Texas properties are located in the Anadarko Basin, with the Granite Wash as the target horizon. As of December 31, 2014, the Debtors held rights to develop approximately 51,400 gross (36,900 net) acres in North Texas, primarily in Roberts County. The North Texas acreage includes approximately 32,200 net acres that are subject to a continuous drilling clause that requires the Debtors to drill one gross well every 180 days to hold the entire approximately 32,200 net acre position. As of December 31, 2014, the Debtors' properties were producing from 49 wells in North Texas. The Debtors are the Operator for 92 percent of such wells.

In North Texas, under the terms of a field acreage dedication agreement, the Debtors sell all of their natural gas and natural gas liquids production under a long-term contract to one midstream company. The Debtors' crude oil production is sold under a three-year contract that expires in 2016.

d. Other

As of December 31, 2014, the Debtors' position outside of their three core geographic areas included approximately 77,800 gross (35,300 net) acres primarily located in North Dakota, South Dakota, Mississippi, and Wyoming.

3. The Debtors' Employees

As of the Petition Date, the Debtors employed 165 employees, all of whom were employed on a full-time basis. Six of the Debtors' employees are paid on an hourly basis and 159 receive a salary. The Debtors' workforce also includes contractors who are employed either directly or through temporary staffing agencies. The Company's highly-skilled employees occupy a variety of positions. The employees' skills, knowledge, and understanding of the Debtors' operations and infrastructure are essential to preserving operational stability and efficiency. None of the Debtors' workers are subject to a collective bargaining agreement.

4. The Company's Working Capital

The Debtors' working capital balance fluctuates as a result of timing and amount of borrowings or repayments under the Credit Documents (as defined herein), changes in the fair value of their outstanding Hedges (as defined herein), the timing of receiving reimbursement of amounts paid by the Debtors for the benefit of working interest owners, the timing of making payments to working interest and royalty owners on behalf of revenue received for the sale of their interests, the timing of accounts payable, as well as changes in revenue receivables as a result of price and volume fluctuations. Historically, if the Debtors' capital investment levels exceed their estimate of cash flows from operations, the Debtors generally would use available capacity under their Credit Documents.

C. The Debtors' Capital Structure and Prepetition Indebtedness

1. Old Sabine's Pre-Combination Capital Structure

a. The RBL Credit Facility

Prior to the Combination, Old Sabine was a borrower under an Amended and Restated Credit Agreement (the "RBL Credit Agreement"), dated as of April 28, 2009, by and among a predecessor to Old Sabine, as borrower, Wells Fargo Bank, National Association, as successor administrative agent (the "RBL Agent"), and the lenders from time to time thereunder and other parties thereto (collectively, the "RBL Lenders"). The RBL Credit Agreement provided Old Sabine with a revolving credit facility (the "RBL Credit Facility") with an initial borrowing base of $225 million, which was periodically raised as reserves increased. As of November 12, 2014, Old Sabine's borrowing base was $750 million. The RBL Credit Facility originally was guaranteed by Old Sabine's direct and indirect subsidiaries (other than certain immaterial subsidiaries). To secure the RBL Credit Facility, Old Sabine and such subsidiaries granted a first priority lien on at least 90 percent of the PV-9 of their proved reserves, certain personal property, and the capital stock of substantially all of their direct and indirect subsidiaries, among other things.

b. The Second Lien Credit Agreement

On December 14, 2012, Old Sabine entered into a $500 million second lien term loan agreement (the "Second Lien Credit Agreement"), by and among a predecessor to Old Sabine, as borrower, Bank of America, N.A., as administrative agent (the "Second Lien Agent"), and the lenders from time to time thereunder and other parties thereto (the "Second Lien Lenders"). On January 23, 2013, Old Sabine secured $150 million of funding from the proceeds of an additional syndicated loan under the Second Lien Credit Agreement pursuant to the first amendment to the Second Lien Credit Agreement.

c. The Intercreditor Agreement

Old Sabine and its subsidiaries, the RBL Agent, and the Second Lien Agent entered into an intercreditor agreement, dated as of December 14, 2012 (as amended from time to time and with all supplements and exhibits thereto, the "Intercreditor Agreement"). The Intercreditor Agreement governs certain of the respective rights and interests of lenders under the RBL Credit Agreement and the Second Lien Credit Agreement relating to, among other things, their rights with respect to the exercise of remedies in connection with any Event of Default (as defined in the Intercreditor Agreement). More specifically, the Intercreditor Agreement sets forth the rights and responsibilities of the parties thereto with respect to enforcement and turnover provisions in the event of a bankruptcy filing.

d. The 2017 Notes

On February 12, 2010, Sabine, formerly NFR Energy LLC, and Sabine Oil & Gas Finance Corporation, formerly NFR Energy Finance Corporation, co-issued $200 million in 9.75 percent senior unsecured notes due 2017 (the "2017 Notes"). On April 14, 2010, Sabine and Sabine Oil & Gas Finance Corporation issued an additional $150 million in 2017 Notes. The 2017 Notes bear interest at a rate of 9.75 percent per annum, payable semi-annually on February 15 and August 15 each year commencing August 15, 2010. The 2017 Notes were issued under and are governed by that certain indenture dated February 12, 2010, by and among Sabine, Sabine Oil & Gas

Finance Corporation, The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, "BNY"), and the guarantors party thereto (the "2017 Notes Indenture").

2. Forest Oil's Pre-Combination Capital Structure

a. First Lien Debt

Prior to the Combination, Forest Oil was the borrower under a revolving credit agreement (the "Old Forest RBL") that was secured by a first priority lien on property of the Debtors, including at least 75 percent of Forest Oil's proved oil and gas reserves together with certain personal property. Immediately prior to the Combination, there was approximately $105 million outstanding under the Old Forest RBL.

b. The 2019 Notes

On June 6, 2007, Forest Oil issued approximately $750 million in 7.25 percent senior unsecured notes due 2019 (the "2019 Notes"). Forest Oil issued an additional $250 million in principal in 2019 Notes on May 22, 2008. Interest on the 2019 Notes is payable semi-annually on June 15 and December 15. The 2019 Notes were issued under and are governed by an indenture dated June 6, 2007, by and among Sabine, formerly known as Forest Oil, and U.S. Bank National Association, as indenture trustee (the "2019 Notes Indenture"). Immediately prior to the Combination, there was approximately $577.9 million of 2019 Notes outstanding.

c. The 2020 Notes

Forest Oil issued approximately $500 million in 7.5 percent senior unsecured notes due 2020 (the "2020 Notes") on September 17, 2012. Interest on the 2020 Notes is payable semi-annually on March 15 and September 15. The 2020 Notes were issued under and are governed by that certain indenture dated September 17, 2012, by and among Sabine, formerly known as Forest Oil, and U.S. Bank National Association, as indenture trustee (together with the RBL Credit Agreement, the Second Lien Credit Agreement, the Intercreditor Agreement, the 2017 Notes Indenture, and the 2019 Notes Indenture, the "Credit Documents"). Immediately prior to the Combination, there was approximately $222.1 million of 2020 Notes outstanding.

3. Prepetition Indebtedness

On December 16, 2014, Forest Oil and Old Sabine consummated the Combination, pursuant to which Old Sabine and certain of its affiliates were combined with and into Forest Oil. As a result of the Combination, the Debtors now are borrowers or issuers under all of the Credit Documents. As of May 31, 2015, the Debtors reported approximately $2.5 billion in total assets and approximately $2.9 billion in total liabilities. As described in greater detail below, as of the Petition Date, the principal amount of the Debtors' consolidated funded debt obligations (the "Prepetition Debt Obligations") totaled approximately $2.77 billion and was comprised of: (a) approximately $927 million of obligations under the RBL Credit Facility; (b) $700 million of obligations under the Second Lien Credit Facility; (c) $350 million of obligations under the 2017 Notes; (d) $578 million under the 2019 Notes; and (e) $222 million under the 2020 Notes. Approximately 73.5 percent of the economic interests and 49.9 percent of the voting interest in Sabine are held by Sabine Investor Holdings LLC, with the remainder owned by public shareholders. The Prepetition Debt Obligations are described in greater detail herein.

a. The RBL Credit Facility

On December 16, 2014, the Debtors amended and restated the RBL Credit Facility to (i) increase that credit facility to $2 billion, with an initial borrowing base of $1 billion, with up to $100 million thereof available as letters of credit, (ii) jointly and severally guaranty the Debtors' obligations thereunder and (iii) secure the Debtors' obligations with (x) a lien on property of the Debtors, including at least 80 percent of the PV-9 of the borrowing base properties evaluated in the most recent reserve report and delivered to the administrative agent, and certain personal property and (y) a pledge of all the capital stock of the Debtors' restricted subsidiaries, subject to certain customary grace periods and exceptions (collectively, the "Collateral"). Immediately prior to the automatic acceleration of the RBL Credit Facility on the Petition Date, the maturity date with respect to the RBL Credit Facility was April 7, 2016.

The RBL Credit Facility borrowing base is subject to redeterminations by the RBL Lenders at least semi-annually, each April 1 and October 1. The borrowing base under the RBL Credit Facility can increase or decrease in connection with a redetermination, with increases being subject to the approval of all RBL Lenders and decreases (and redeterminations maintaining the borrowing base) being subject to the approval of two-thirds of the RBL Lenders, as measured by credit exposure. A reduction of the borrowing base requires the Debtors to repay outstanding loans under the RBL Credit Facility in excess of the new borrowing base in one payment or six equal monthly installments, and/or provide additional mortgages over oil and gas properties to support a larger borrowing base, at the Debtors' option.

On December 16, 2014, the Debtors increased their borrowings to $750.8 million under the RBL Credit Facility, which primarily was used to, among other things, refinance borrowings under the prior revolving credit agreements of Forest Oil and Old Sabine and to fund costs and expenses incurred in connection with the Combination. On December 18, 2014, the Debtors repaid approximately $205.8 million of the outstanding borrowing under the RBL Credit Facility. Since that time, the Debtors have drawn an additional $426 million under the RBL Credit Facility, including $356 million on February 25, 2015. On July 3, 2015, a beneficiary to a letter of credit outstanding under the Revolving Facility drew down on approximately $0.9 million.

On April 27, 2015, the borrowing base was redetermined down to $750 million from $1 billion. Pursuant to the terms of the RBL Credit Agreement, repayment of the approximately $250 million deficiency was set to begin on May 27, 2015. However, pursuant to the forbearance agreement between the Debtors, the RBL Agent, and the RBL Lenders (the "RBL Forbearance Agreement"), the RBL Agent and RBL Lenders agreed to forbear from exercising remedies on account of any such missed payments that were due on May 27, 2015 or June 29, 2015. As of the Petition Date, approximately $927 million of the RBL Credit Facility was outstanding. Approximately $26 million of the RBL Credit Facility was outstanding in the form of undrawn letters of credit as of the Petition Date.

b. The Second Lien Credit Facility

Also in connection with the consummation of the Combination, on December 16, 2014, Old Sabine entered into a second amendment to the Second Lien Credit Agreement to provide for $50 million of incremental new term loans, which agreement as amended was then assumed by the Debtors. The Second Lien Credit Agreement is guaranteed by the Debtors and secured by second priority liens on the Collateral. On April 21, 2015, the Debtors elected not to make the $15.3 million interest payment due under the Second Lien Credit Facility.

c. The Notes

Following the Combination, all of the Debtors, with the exception of Sabine, are guarantors of the 2017 Notes, the 2019 Notes, and the 2020 Notes. Wilmington Savings Fund Society, FSB (in such capacity, "Wilmington") has succeeded U.S. Bank National Association as indenture trustee for the 2019 Notes and Delaware Trust Company (in such capacity, "Delaware Trust") has succeeded U.S. Bank National Association, as indenture trustee as indenture trustee for the 2020 Notes. On June 15, 2015, the Debtors elected not to make the $20.95 million interest payment on the 2019 Notes.

d. Equity Interests

On December 16, 2014, in connection with the Combination, certain indirect equity holders of Old Sabine contributed their equity interests to Sabine in exchange for approximately 2.5 million Series A Preferred Shares (the "Series A Preferred Shares") and approximately 79.2 million shares of Sabine common stock (the "Common Shares"), collectively representing an approximately 73.5 percent economic interest in Sabine and 40 percent of the total voting power. The Series A Preferred Shares are convertible and non-voting. As of the Petition Date, approximately 2.5 million Series A Preferred Shares are issued and outstanding of the 10 million authorized shares.

Holders of Forest Oil common stock immediately prior to the closing of the Combination continued to hold their common stock following the closing of the Combination, representing an approximately 26.5 percent economic interest in Sabine and 60 percent of the total voting power in Sabine. Holders of Forest Oil common stock hold

118.9 million Common Shares as of the Petition Date. As of the Petition Date, approximately 213.9 million Common Shares were issues and outstanding of the 650 million authorized shares.

e. The Debtors' Other Obligations

i. Hedging Arrangements

To provide partial protection against declines in oil and natural gas prices, the Debtors routinely enter into hedging arrangements ("Hedges") with certain counterparties (the "Hedge Counterparties"). The Debtors' decision on the quantity and price at which they choose to hedge their production is based upon their view of existing and forecasted production volumes, budgeted drilling projections, and current and future market conditions. Hedges typically take the form of oil and natural gas price collars and swap agreements.

The majority of the Hedge Counterparties are, or prior to the Combination were, parties to the RBL Credit Agreement. Pursuant to the RBL Credit Agreement, the Debtors may hedge up to 100 percent of current production for 24 months, 75 percent of current production for months 25 through 36, and 50 percent of current production for months 37 through 60. As of the filing of this Disclosure Statement, the Debtors were not party to any Hedges.

ii. Other Secured Claims

In the ordinary course of business, the Debtors routinely transact business with a number of third-party contractors and vendors who may be able to assert liens against the Debtors and their property (such as equipment and, in certain circumstances, mineral interests) if the Debtors fail to pay for the goods delivered or services rendered. These parties perform various services for the Debtors, including manufacturing and repairing equipment and component parts necessary for the Debtors' oil field activities, contracting, drilling, hauling, and supplying oil and gas related services, as well as shipping the Debtors' products.

VI. EVENTS LEADING TO THE CHAPTER 11 FILINGS

A. Prepetition Events

As described above, as of June 30, 2015, the Debtors had outstanding Prepetition Debt Obligations of approximately $2.77 billion. During 2014 and continuing through the first quarter of 2015, the Debtors' revenues fell sharply as a result of the significant downturn in oil and natural gas prices, which were caused in part by a surplus of domestic crude production coupled with OPEC's decision not to reduce production quotas. Notwithstanding certain anticipated long-term cost savings and operational synergies resulting from the Combination, the significant decline in revenue strained the Debtors' resources and their ability to meet their anticipated working capital, debt service, and other liquidity needs.

1. Revolver Draw

Before the Petition Date, the Debtors took a series of operational and financial measures in an attempt to respond to these challenging market conditions. These included asset divestitures, reduction in capital expenditures associated with drilling and completion costs for new wells, salary freezes, and reductions in force. In addition, on February 25, 2015, Sabine drew down substantially all of the remaining availability under the RBL Credit Facility—approximately $356 million—to attempt to secure additional liquidity, fund ordinary course business operations, and preserve optionality in the event of a restructuring (the "Revolver Draw"). Nevertheless, given the severity of prepetition market conditions and the impact it had on the Debtors' cash flow situation, the Debtors were unable to right-size their balance sheets through cost-cutting and self-help measures alone.

2. Bondholder Litigation

On February 26, 2015, the Debtors were served with a complaint (the "Complaint") concerning the 2019 Notes Indenture. The Complaint generally alleges that certain events of default had occurred with respect to the 2019 Notes due to the Combination. More specifically, the Complaint alleges that the Combination constituted a change of control under the 2019 Notes Indenture which would have required the Debtors' to offer to purchase the 2019 Notes at 101 percent of the outstanding principal, plus accrued and outstanding interest. The Complaint also alleges claims for breach of contract, breach of the implied covenant of good faith and fair dealing, and indemnification. The Debtors also received a notice of default and acceleration from the 2019 Notes trustee with respect to the 2019 Notes containing similar allegations.

3. Qualified Opinion and Borrowing Base Redetermination

On March 31, 2015, the Debtors announced the presence of a "going concern" qualification in their 2014 audited annual financial statements. Additionally, the Debtors provided requisite notice of such opinion to the RBL Agent and the Second Lien Agent.

On April 27, 2015, the borrowing base under the RBL Credit Facility was redetermined downwards from $1 billion to $750 million, resulting in a deficiency of approximately $250 million, with the first of six monthly repayment installments thereunder due on May 27, 2015.

4. Pending Payments and Forbearance

In addition to these obstacles, the Debtors had multiple interest payments due under their credit facilities in April 2015. Specifically, a $15.3 million interest payment under the Second Lien Credit Facility was due April 21, 2015, and a $2.4 million payment was due under the RBL Credit Facility on April 30, 2015. Failure to make either of these interest payments within the applicable 30-day grace periods under the respective Credit Documents would have triggered events of default under both credit facilities (due to certain cross-default provisions) absent a waiver or forbearance.

On May 4, 2015, the Debtors, the RBL Agent, and the RBL Lenders entered into the RBL Forbearance Agreement, pursuant to which the RBL Agent and the RBL Lenders agreed to forbear from exercising remedies until the earlier of (a) certain events of default under the RBL Forbearance Agreement or RBL Credit Agreement,

(b) the acceleration or exercise of remedies by any other lender or creditor, and (c) June 30, 2015 (collectively, the "RBL Forbearance Period").

On May 20, 2015, the Debtors, the Second Lien Agent, and the Second Lien Lenders entered into a forbearance agreement (the "Second Lien Forbearance Agreement" and together with the RBL Forbearance Agreement, the "Forbearance Agreements"), pursuant to which the Second Lien Agent and Second Lien Lenders agreed to forbear from exercising remedies during the RBL Forbearance Period (as such period relates to the Second Lien Forbearance Agreement, the "Second Lien Forbearance Period").

On June 30, 2015, the Debtors, the RBL Agent, and the RBL Lenders entered into the first amendment to the RBL Forbearance Agreement, pursuant to which the RBL Agent and RBL Lenders agreed to extend the RBL Forbearance Period to July 15, 2015. Additionally, on July 8, 2015, the Debtors, the Second Lien Agent, and the Second Lien Lenders entered into the first amendment to the Second Lien Forbearance Agreement, pursuant to which the Second Lien Agent and Second Lien Lenders agreed to extend the Second Lien Forbearance Period to July 15, 2015.

B. Pre-Filing Investigation of Potential Claims

In March 2015, Sabine learned that the holders of the 2017 Notes, 2019 Notes, and 2020 Notes might demand that Sabine pursue claims (or even seek standing to pursue the claims themselves) against other creditor groups in the event the Debtors filed for bankruptcy protection.

To evaluate those potential legal claims, and any other potential colorable claims, on May 15, 2015, Sabine's board of directors approved the formation of a special independent committee (the "Independent Directors' Committee") to conduct and oversee the investigation of potential claims and causes of action (collectively, the "Potential Estate Claims") that the Debtors or certain of their stakeholders might possess against creditors and equity holders (the "Investigation"). The Independent Directors' Committee was comprised of two independent directors, Thomas Chewning and Jonathan Foster, neither of whom was involved in the Combination and neither of whom served as directors of, or had any other prior involvement with, Sabine or its predecessor entities. In connection with the Investigation, the Independent Directors' Committee analyzed more than 100,000 documents over the course of two months in an effort to identify meritorious Potential Estate Claims.

C. The Adversary Proceeding

After consulting with its advisors, the Independent Directors' Committee concluded that it would be in the best interest of the Debtors and their stakeholders to file an adversary complaint (the "Adversary Complaint") and pursue a constructive fraudulent transfer claim against the Second Lien Agent seeking to avoid liens on Forest Oil's assets that were pledged to secure the deficiency on Old Sabine's preexisting Second Lien Credit Facility debt. The Debtors filed the Adversary Complaint on the Petition Date. The remainder of the Investigation continued (as discussed in further detail in Article VII.C, which begins on page 46 of this Disclosure Statement).

On August 17, 2015, the Second Lien Agent filed a Motion to Dismiss the Debtors' Adversary Complaint [Adv. Proc. Docket No. 6] (the "Motion to Dismiss"). The Second Lien Agent moved to dismiss the Debtors' constructive fraudulent transfer claim primarily on two grounds—the antecedent debt rule and the safe harbor under Section 546(e) of the Bankruptcy Code. First, the Second Lien Agent argued that under the antecedent debt rule, an insolvent company's grant of a security interest in its assets to an existing creditor cannot be considered a fraudulent conveyance, even as to debt assumed in a business combination. In particular, it argued that because, on December 16, 2014, the post-combination company pledged its assets to secure its own antecedent debt, reasonably equivalent value was exchanged. Second, the Second Lien Agent argued that Section 546(e) of the Bankruptcy Code prohibits a plaintiff from invoking Section 544 or 548 of the Bankruptcy Code to avoid any transfer to, or for the benefit of, a financial institution made "in connection with" a securities contract. The Second Lien Agent then argued that the challenged liens and associated deeds of trust were transfers made in connection with a securities contract, and accordingly, the safe harbor applies.

On September 16, 2015, the Debtors filed their response to the Motion to Dismiss [Adv. Proc. Docket No. 12] (the "Response"). In short, the Debtors argued that the antecedent debt rule does not apply, because the appropriate time to evaluate the debt is pre-transaction, from the perspective of Forest Oil creditors. On the

precipice of the Combination, standalone Forest Oil held millions of dollars of unsecured assets and had no obligations with respect to Old Sabine's Second Lien Credit Facility debt. Viewed from this pre-combination perspective, the Combination effectuated a transfer of value from one insolvent company to the creditors of another, for less than equivalent value in return. Additionally, the Debtors argued that Section 546(e) of the Bankruptcy Code should not apply, because the pledge of securities was made pursuant to a term loan agreement Old Sabine had entered into years earlier, which was not a "securities contract."

On October 7, 2015, Wilmington Trust, N.A., in its capacity as successor agent under the Second Lien Credit Agreement, filed the *Reply in Support of its Motion To Dismiss* [Adv. Proc. Docket No. 14], reiterating its antecedent debt and safe harbor arguments. Hearings on the Motion to Dismiss were held on October 15, 2015 and January 12, 2016. The Bankruptcy Court has not yet ruled on the Motion to Dismiss.

D. Creditor Negotiations and Chapter 11 Filing

Prior to the Petition Date, the Debtors engaged in discussions with various creditor constituencies. In connection with such discussions, the Debtors entered into the RBL Forbearance Agreement, the Second Lien Forbearance Agreement, and amendments thereto. Additionally, the Debtors engaged in discussions with advisors for various creditor constituencies regarding the parties' views with respect to valuation, debt capacity, potential pro forma capital structures, and the effect of potential litigation claims on potential creditor recoveries.

While productive, such discussions did not lead to a comprehensive out-of-court solution or prearranged chapter 11 plan for right-sizing the Debtors' balance sheet. In light of the Debtors' need for a comprehensive deleveraging and resolution of currently pending litigation and potential claims, the Debtors decided to file for bankruptcy protection.

VII. EVENTS DURING THE CHAPTER 11 CASES

Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The following is a general summary of these chapter 11 cases.

A. First Day Pleadings and Other Case Matters

1. First and Second Day Pleadings

To facilitate the commencement of these chapter 11 cases and minimize disruption to the Debtors' operations, the Debtors filed certain motions and applications with the Bankruptcy Court on the Petition Date or shortly thereafter seeking certain relief summarized below. The relief sought in the "first day" and "second day" pleadings facilitated the Debtors' seamless transition into chapter 11 and aided in the preservation of the Debtors' going-concern value. The first and second day pleadings filed by the Debtors and approved by the Bankruptcy Court include the following:

a. Cash Management Systems

To enable the Debtors to maintain to access their cash and continue in the ordinary course of business during these chapter 11 case, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Using the Cash Management System, (B) Maintain Existing Bank Accounts and Business Forms, (C) Continue Intercompany Transactions, and (II) Granting Superpriority Administrative Expense Status to Postpetition Intercompany Payments*. On July 16, 2015, the Bankruptcy Court entered the *Interim Order (I) Authorizing the Debtors to (A) Continue Using the Cash Management System, (B) Maintain Existing Bank Accounts and Business Forms, (C) Continue Intercompany Transactions, and (II) Granting Superpriority Administrative Expense Status to Postpetition Intercompany Payments* [Docket No. 52]. On September 10, 2015, the Bankruptcy Court granted the relief requested on a final basis [Docket No. 315].

b. Employee Wages and Benefits

On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders Authorizing the Debtors to (I) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses, and (II) Continue Employee Benefits Programs* [Docket No. 14] (the "Wages Motion"), seeking authority (a) to pay certain prepetition claims relating to, among other things, wages, salaries, ordinary-course raises and other pay increases, bonuses and other compensation, payroll services, federal and state withholding taxes and other amounts withheld (including garnishments, employees' share of insurance premiums, taxes and 401(k) contributions), health insurance, retirement health and related benefits, workers' compensation benefits, vacation time, leaves of absence, life insurance, short- and long-term disability coverage and all other benefits that the Debtors and their non-Debtor subsidiaries have historically provided (collectively, the "Employee Compensation and Benefits") and (b) to pay all costs incident to the foregoing, their employees might have suffered undue hardship and sought alternative employment opportunities, perhaps with the Debtors' competitors. The loss of valuable employees would have been distracting and detrimental to the Debtors at a critical time when the Debtors were focused on stabilizing their operations. Accordingly, the Debtors sought the relief requested in the Wages Motion. On July 16, 2015, the Bankruptcy Court entered an order granting the relief requested on an interim basis and subject to certain exceptions [Docket No. 56]. On August 4, 2015, the Debtors filed a supplemental motion requesting additional relief related to the payment of Employee Compensation and Benefits [Docket No. 117] (together with the Wages Motion, the "Wages Motions"). The Bankruptcy Court granted the certain of the relief requested in the Wages Motions on a final basis in separate orders entered on August 10, 2015 [Docket No. 148] and August 17, 2015 [Docket No. 182]. Certain of the relief requested in the Wages Motions is still under consideration by the Bankruptcy Court.

c. Royalty and Working Interests

Before the Petition Date and in the ordinary course of business, the Debtors held working interests in certain oil and gas leases that allow the Debtors to exploit the oil and gas on the lands associated with each particular working interest. In exchange, the Debtors are required to remit disbursements to the holders of non-operating

working interests in those oil and gas leases. In addition, each oil and gas lease in which the Debtors hold working interests is subject to royalty interests, which entitle the holders thereof to payments whenever an oil and gas lease produces oil and gas. Absent payment of these obligations, the Debtors' assets may be subject to perfection of liens by working interest holders and royalty interest holders, which would threaten the Debtors' business from operating as a going concern. Accordingly, on the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders Authorizing Payment of (I) Working Interest Disbursements and (II) Royalty Payments in the Ordinary Course of Business* [Docket No. 11]. The Bankruptcy Court granted the relief requested on an interim basis on July 16, 2015 [Docket No. 43] and on a final basis on August 17, 2015 [Docket No. 178].

d. Lien Claimants

Before the Petition Date and in the ordinary course of business, the Debtors contracted with certain vendors to transport, deliver, and process gas (the "Shippers") for the Debtors to sell. Without the services provided by the Shippers, the Debtors' production would cease generating revenue. The Debtors also use certain vendors (the "Warehousemen") to store tubing, casing, drilling pipe, and wellhead equipment when not being used. If the Debtors were to default on any obligation to the Shippers or Warehousemen, the Shippers and Warehousemen could assert liens on the Debtors' assets, attempt to take possession of the Debtors' property, or bar the Debtors' from accessing such property. Additionally, the Debtors serve as operator under multiple joint operating agreements that govern oil and gas leases where third parties own non-operating working interests. As an operator, the Debtors are responsible for making operating expense payments and working interest disbursements. Additionally, where the Debtors hold non-operating working interests, they are responsible for paying the operators for joint interest billings in accordance with the applicable joint operating agreements. Failure to timely pay the operating expenses may provide grounds for removal of the Debtors as operators under such joint operating agreements and may result in perfection by mineral contractors of liens on the Debtors' working interests and proceeds of the oil and gas leases covered thereby. Accordingly, on the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders Authorizing Payment of (I) Operating Expenses, (II) Joint Interest Billings, (III) Shipper and Warehousemen Claims, and (IV) Section 503(B)(9) Claims* [Docket No. 12]. On July 16, 2015, the Bankruptcy Court entered an interim order granting the relief requested [Docket No. 54], and on August 17, 2015, the Bankruptcy Court entered a final order authorizing the Debtors to pay such claims and expenses up to an aggregate cap of approximately $58.5 million, subject to more specific lower caps for certain types of payments [Docket No. 180]. On October 15, 2015, the Bankruptcy Court entered an order that reallocated the amounts available to make specific types of payments but did not alter the aggregate cap amount [Docket No. 419].

e. Taxes and Fees

The Debtors believed that, in some cases, certain taxing, regulatory, and governmental authorities had the ability to exercise rights and remedies if the Debtors failed to remit certain taxes and fees. Accordingly, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders Authorizing the Payment of Certain Prepetition Taxes and Fees* [Docket No. 13]. The Bankruptcy Court granted the relief requested on an interim basis on July 16, 2015 [Docket No. 55] and on a final basis on August 10, 2015 [Docket No. 152].

f. Equity Trading

As of June 1, 2015, the Debtors had Net Operating Losses ("NOLs") in an amount of approximately $1 billion and believed that utilization of NOLs in future tax years could generate up to approximately $360 million in cash savings from reduced taxes. The Debtors designed certain procedures (the "Equity Trading Procedures") that would enable them to monitor and object to certain transfers of and declarations of worthlessness with respect to the Debtors' equity securities during these chapter 11 cases to ensure preservation of the NOLs. On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock and Preferred Stock* [Docket No. 6]. The Bankruptcy Court granted the relief requested on an interim basis on July 16, 2015 [Docket No. 58] and on a final basis on August 10, 2015 [Docket No. 153].

g. Utilities

Section 366 of the Bankruptcy Code protects debtors from utility service cutoffs upon a bankruptcy filing while providing utility companies with adequate assurance that the debtors will pay for postpetition services. To

ensure uninterrupted utility service, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of an Order Determining Adequate Assurance of Payment for Future Utility Services* [Docket No. 16], seeking the Bankruptcy Court's approval of procedures for, among other things, determining adequate assurance for utility providers and prohibiting utility providers from altering, refusing or discontinuing services without further order by the Bankruptcy Court. On August 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 144].

h. Insurance

In the ordinary course of business, the Debtors maintain various insurance policies (the "Insurance Policies") that are administered by multiple third-party insurance carriers. The Insurance Policies provide coverage for both general commercial business risks and risks specific to the oil and gas industry, such as well blowouts, inland marine property damage, and pollution. In addition, the Insurance Policies include several layers of excess liability coverage. Continuation and renewal of the Insurance Policies and entry into new insurance policies is essential to preserving the value of the Debtors' businesses, properties, and assets. Moreover, in many cases, the coverage provided by the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors' commercial activities, including the requirements of the U.S. Trustee. Accordingly, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing the Debtors to (I) Continue Insurance Coverage Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto and (II) Renew, Supplement, or Purchase Insurance Policies* [Docket No. 17]. On August 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 157].

i. Surety Bonds

To continue certain of their business operations during the reorganization process, the Debtors needed to continue to be able to provide financial assurances to local governments, regulatory agencies, and other third parties to which, in the ordinary course of business, they provided prepetition financial assurances. Before the Petition Date, the Debtors regularly accomplished this by posting surety bonds on account of: (a) obligations owed to municipalities; (b) obligations related to environmental regulatory agencies; and (c) obligations relating to obtaining permits or licenses (collectively, the "Surety Bond Program"). Additionally, statutes and ordinances often require the Debtors to post surety bonds to secure such obligations. Failure to provide, maintain, or timely replace these surety bonds would prevent the Debtors from undertaking essential functions related to their energy production operations and thus have a detrimental effect on the Debtors' businesses. Accordingly, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of an Order Approving Continuation of Surety Bond Program* [Docket No. 18]. On August 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 154].

2. Procedural and Administrative Motions

To facilitate a smooth and efficient administration of these chapter 11 cases and reduce the administrative burdens associated therewith, on July 16, 2015 the Bankruptcy Court also entered procedural and administrative orders, including the: (a) *Order Directing Joint Administration of Chapter 11 Cases* [Docket No. 48]; (b) *Order (I) Authorizing the Debtors to (A) Prepare a List of Creditors in Lieu of Submitting a Formatted Mailing Matrix and (B) File a Consolidated List of the Debtors' 50 Largest Unsecured Creditors and (II) Approving the Form and Manner of Notifying Creditors of Commencement of these Chapter 11 Cases* [Docket No. 49]; (c) *Order Extending Time to File Schedules of Assets and Liabilities, Schedules of Current Income Expenditures, Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs* [Docket No. 50]; and (d) *Order Establishing Certain Notice, Case Management, and Administrative Procedures* [Docket No. 51].

a. Contract Rejection

Before and after the Petition Date and in connection with their restructuring efforts, the Debtors evaluated the necessity and cost-efficiency of their executory contracts and unexpired leases.

As part of that process, the Debtors determined that certain contracts and related agreements were unnecessary and burdensome to the Debtors' estates and should be rejected as of the Petition Date. Accordingly, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing Rejection of Certain Executory Contracts Effective as of the Petition Date* [Docket No. 19]. One contract counterparty, Nabors Industries, Inc. filed an objection to the motion on August 3, 2015 [Docket No. 108]. On August 7, 2015, the

Debtors filed a response [Docket No. 134], and on August 10, 2015 the Bankruptcy Court overruled the objection and granted the relief requested by the Debtors in the motion [Docket No. 146].

Prepetition, the Debtors were party to certain agreements providing the Debtors with gathering and processing services for gas and gas liquids (the "Gathering Agreements"). The Debtors determined that these agreements were costly, unnecessary, and burdensome to the Debtors' estates and should be rejected. On September 30, 2015, the Debtors filed the *Debtors' Omnibus Motion for Entry of an Order Authorizing Rejection of Certain Executory Contracts* [Docket No. 371]. On October 8, 2015, each of the counterparties to the Gathering Agreements (collectively, the "Gatherers") filed objections to the motion [Docket Nos. 386, 387]. On October 14, 2015, the Debtors filed a reply to these objections [Docket No. 410]. On January 8, 2016, one of the Gatherers, Nordheim Eagle Ford Gathering LLC, filed a surreply to the Debtors' reply [Docket No. 676] (the "Surreply") and on January 22, 2016, the Debtors filed a response thereto [Docket No. 742]. A hearing on this motion is scheduled for February 2, 2016.

b. Contract Procedures

Because the Debtors' evaluation of their executory contracts and unexpired leases was ongoing as of the Petition Date, and because the Debtors believed that they would seek to assume or reject contracts and leases during the pendency of these chapter 11 cases, the Debtors determined that it would be beneficial to establish streamlined procedures (the "Contract Procedures") for assuming and rejecting such contracts and leases. Accordingly, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing and Approving Expedited Procedures to Reject or Assume Executory Contracts and Unexpired Leases* [Docket No. 20]. On August 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 143]. Since the Petition Date, the Debtors have rejected or assumed approximately [10] contracts pursuant to the Contract Procedures.

c. Ordinary Course Professionals

In the ordinary course of business, the Debtors retain various attorneys and other ordinary course professionals (collectively, "OCPs") who render a wide range of services to the Debtors in a variety of matters unrelated to these chapter 11 cases, including litigation, regulatory, labor and employment, intellectual property, general corporate, franchise, and other matters that have a direct impact on the Debtors' day-to-day operations. To prevent disruption to these services, on the Petition Date the Debtors filed the *Debtors' Motion for Entry of an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business* [Docket No. 21]. On August 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 155].

3. Retention of Restructuring Professionals

The Debtors also filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code as debtors-in-possession in these chapter 11 cases. The Bankruptcy Court approved the retention and employment of the following advisors:

(a) Prime Clerk LLC ("Prime Clerk"), as Notice and Claims Agent [Docket No. 57] and Administrative Advisor to the Debtors [Docket No. 147];

(b) Kirkland & Ellis LLP and Kirkland & Ellis International LLP (together, "Kirkland & Ellis") as Counsel to the Debtors [Docket No. 319];

(c) Zolfo Cooper Management, LLC ("Zolfo Cooper"), as Financial Advisors and Litigation Support Consultants to the Debtors [Docket No. 145];

(d) Lazard Frères & Co. LLC ("Lazard"), as Investment Banker to the Debtors [Docket No. 325];

(e) PricewaterhouseCoopers LLP as Tax Consultants to the Debtors [Docket No. 318]; and

(f) Deloitte & Touche LLP as Independent Auditor and Accounting Services Provider to the Debtors [Docket No. 425].

On August 10, 2015, the Bankruptcy Court entered the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [Docket No. 156].

4. Cash to Fund Operations

Prior to the Petition Date, the RBL Lenders and the Second Lien Lenders (together with the RBL Lenders, the "Prepetition Secured Parties") and the Debtors disagreed as to whether and to what extent the Disputed Cash was subject to the liens and mortgages held by the Prepetition Secured Parties. Accordingly, before commencing these chapter 11 cases, the Debtors engaged in extensive negotiations with the Prepetition Secured Parties to obtain the use of cash collateral on a consensual basis while protecting the rights of unsecured creditors and other parties-in-interest with respect to the Disputed Cash. On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders Pursuant to 11 U.S.C. Sections 105, 361, 362, 363, and 507, Bankruptcy Rules 2002, 4001, and 9014, and Local Bankruptcy Rule 4001-2 (I) Authorizing Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties, (III) Modifying the Automatic Stay, and (IV) Scheduling a Final Hearing* [Docket No. 9] (the "Cash Collateral Motion"). On July 16, 2015, the Bankruptcy Court granted the relief requested on an interim basis [Docket No. 60] (the "Interim Cash Collateral Order").

Following entry of the Interim Cash Collateral Order, the Debtors engaged in substantial negotiations with the Prepetition Secured Parties, the Committee, and other parties-in-interest to reach a final, consensual agreement regarding the use of cash collateral. Nevertheless, several parties objected to the Cash Collateral Motion prior to the objection deadline, and the Debtors and certain other parties filed replies thereto.

Although the Cash Collateral Motion was hotly contested and subject to multiple objections, the Debtors facilitated an agreement with the various constituencies and eventually brokered a deal after of numerous discussions, several rounds of revisions to the proposed final order, and several hearings regarding the parties' various, differing proposed orders.

On September 16, 2015, the Bankruptcy Court entered an order approving the Debtors' use of cash collateral and overruling any remaining objections thereto [Docket No. 339] (the "Final Cash Collateral Order"). In addition to authorizing the Debtors' continued use of cash collateral, the Final Cash Collateral Order provided the Prepetition Secured Parties with adequate protection for the Debtors' use thereof, including superpriority claims and senior liens, as well as payments of fees, expenses, and interest.

5. Appointment of the Creditors' Committee and Its Advisors

On July 28, 2015, the U.S. Trustee appointed the Committee [Docket No. 90]. On November 10, 2015, the Committee was reconstituted by the U.S. Trustee [Docket No. 499]. The Committee is composed of the following members (collectively, the "Committee Members"):

(a) BNY;

(b) Aurelius Capital Partners, LP;

(c) AQR Diversified Arbitrage Fund;

(d) Asset Risk Management, LLC; and

(e) Wilmington.

The Committee also filed several applications and obtained authority to retain various professionals to assist the Committee in carrying out its duties under the Bankruptcy Code, including:

(a) Ropes & Gray LLP, as Counsel to the Committee [Docket No. 322];

(b) Berkeley Research Group, LLC, as Financial Advisor to the Committee [Docket No. 323];

(c) Porter Hedges LLP, as Texas and Oil and Gas Counsel to the Committee[Docket No. 420];

(d) BB Genesis Land & Mineral Resources, L.P., as Land Due Diligence Contractor to the Committee [Docket No. 421]; and

(e) Blackstone Advisory Partners L.P., as Investment Banker to the Committee [Docket No. 422].

To facilitate the Committee's representation of the interests of all creditors in these chapter 11 cases, the Committee filed the *Motion of the Official Committee of Unsecured Creditors for an Order Pursuant to 11 U.S.C. §§ 105(a), 107(b) and 1102(b)(3) Authorizing (I) a Protocol for Creditor Access to Information and (II) the Committee to Utilize Prime Clerk LLC as Information Agent in Connection Therewith* [Docket No. 214]. On September 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 321].

6. Claims Bar Date

On October 20, 2015, the Debtors filed the *Debtors' Motion for the Entry of an Order (I) Setting Bar Dates for Submitting Proofs of Claim, (II) Approving Procedures for Submitting Proofs of Claim, (III) Approving Notice Thereof, and (IV) Granting Related Relief* [Docket No. 439]. With this motion, the Debtors sought to fix a deadline for filing proofs of claim of December 22, 2015 (the "General Claims Bar Date") in these chapter 11 cases, as well as a separate deadline for governmental units to file proofs of claims of January 11, 2016 (the "Government Claims Bar Date" and, together with the General Claims Bar Date, the "Claims Bar Dates"), and to establish procedures for the filing of proofs of claim and the provision of appropriate notice of the Claims Bar Dates to potential claimants. On November 10, 2015, the Bankruptcy Court granted the relief requested [Docket No. 502].

7. Employee Incentive/Retention Plans

During the course of these chapter 11 cases, the Debtors secured court approval to continue two prepetition employee incentive programs: a program providing incentive awards to insider and other officer employees (the "Performance Award Program"); and a program providing fixed cash bonuses to the Debtors' remaining non-insider employees (the "Fixed Bonus Award Program"). The terms of these plans were approved by the compensation committee of Sabine's board of directors (the "Compensation Committee"). The Compensation Committee was assisted by its compensation consultant, Towers Watson Delaware Inc. ("Towers Watson"), and its financial advisor Zolfo Cooper. On August 21, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order Approving and Authorizing the (A) Performance Award Program and (B) Fixed Bonus Award Program* [Docket No. 212] (the "Incentive Program Motion").

a. Fixed Bonus Award Program

The Fixed Bonus Award Program provides fixed quarterly cash bonuses to non-officer, non-insider employees of the Debtors. The total estimated cost of the Fixed Bonus Award Program is approximately $7 million. The Bankruptcy Court approved the Fixed Bonus Award Program without objection on September 10, 2015 [Docket No. 317].

b. Performance Award Program

The Performance Award Program provides the Debtors' core management team with the opportunity to earn cash-based incentive awards if certain financial and operational milestones are achieved. After filing the Incentive Program Motion, the Debtors worked diligently with creditors and the U.S. Trustee to attempt to reach a consensual resolution regarding the Performance Award Programs. On November 9, 2015, the Debtors filed the *Supplement to Debtors' Motion for Entry of an Order Approving and Authorizing the Performance Award Program* [Docket No. 497], which incorporated several modifications to the program based on feedback received from these parties. The Debtors continued negotiating with all parties and consensually resolved nearly all formal and informal objections to the Performance Award Program. On December 4, 2015, after hearing argument, the Bankruptcy Court overruled the remaining objection and entered an order approving the Performance Award Program as proposed by the Debtors [Docket No. 586].

A summary of the Performance Award Program, as approved by the Bankruptcy Court, is provided below:

i. Metrics and Targets

The Performance Award Program awards performance-based cash payments to nine officers of the Debtors on a semi-annual basis. These payments depend on the Debtors' achievement of certain threshold, target and maximum goals for five key performance metrics: EBITDA, total production, capital, operating expense, and capital efficiency. The total estimated cost of the Performance Award Program ranges from approximately $2.4 million (at threshold payout levels) to $9.0 million (at maximum payout levels). The Performance Award Program terminates on the earlier of June 30, 2016 or the effective date of an approved plan of reorganization in these chapter 11 cases.

ii. Emergence Incentivization

The Performance Award Program incorporates an adjustment factor (the "Emergence Adjustment Factor") applicable to the program payments for each of four insider participants (the CEO, COO, CFO, and SVP of Asset Development). The Emergence Adjustment Factor reduces the incentive award amounts available to these individuals if the Debtors do not meet certain emergence deadlines (such as dates for filing and securing approval of a disclosure statement and the start of confirmation hearings in these chapter 11 cases). To the extent that Emergence Adjustment Factor milestones are not met, the payments to the four insider participants are subject to reduction.

B. The Coordinated Discovery Protocol

Promptly after the Committee's formation and its selection of counsel, the Debtors conferred with that counsel to discuss the nature and extent of the document searches that the Independent Directors' Committee had conducted in connection with its Investigation. In early August 2015, the Debtors began voluntarily producing to the Committee the non-privileged documents relevant to the Independent Directors' Committee's Investigation.

Notwithstanding the Debtors' voluntary production of more than 260,000 pages of documents relevant to the Investigation, on August 25, 2015, the Committee filed the *Motion of the Official Committee of Unsecured Creditors for Leave Pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure to Conduct Discovery of the Debtors and Third Parties, and to Establish Discovery Response and Dispute Procedures for Such Examination* [Docket No. 220] (the "Rule 2004 Motion"). The Rule 2004 Motion sought discovery with respect to potential claims outside of the Combination. Several parties, including the Debtors, the RBL Lenders, and the Second Lien Agent, filed objections to the scope of the Committee's 2004 Motion. Over the next several weeks, the Debtors, together with the Committee and other parties-in-interest, worked to design a protocol to coordinate the parties' discovery regarding potential claims. During this time, the Debtors continued to respond to the Committee's discovery requests and produce documents. On September 24, 2015, the Bankruptcy Court approved the discovery protocol [Docket No. 359] (the "Stipulated Discovery Protocol") agreed upon by the Debtors, the Committee, and several parties-in-interest, establishing (i) parameters for the document requests and voluntary production from third parties, and (ii) the time allocation and topics of voluntary depositions.

C. Debtors' Postpetition Investigation

1. The Bucket I Claims

The Investigation continued following the filing of the Adversary Complaint. On October 26, 2015, Professor Williams, on behalf of the Debtors, released the *Analysis of Potential Estate Causes of Action: Constructive Fraudulent Transfer* to the Committee (the "First Investigation Report") to the Committee. The First Investigation Report concluded that, other than the claims for constructive fraudulent transfer asserted in the Adversary Complaint, the Debtors had no further available remedies against the Second Lien Lenders for the claims asserted in the Adversary Complaint, and that the Debtors had no colorable claims for constructive fraudulent transfer against the RBL Lenders (as such claims relate to claims for constructive fraudulent transfer, and were not included the the Adversary Complaint, the "Bucket I Claims").

The First Investigation Report concluded that under a market approach, income approach, and asset-based approach, Forest Oil, Old Sabine, and the combined company—including the former Old Sabine subsidiaries—were all insolvent as of the date of the Combination. Furthermore, while the financial analysis showed that Forest Oil's

unsecured creditors did not receive reasonably equivalent value in the financing transactions that occurred simultaneously with the Combination, Old Sabine unsecured creditors' position improved due to the December 16, 2014 transactions. Accordingly, the Independent Directors' Committee concluded, with the support of its own and extremely thorough analysis and that of Professor Williams, that the only colorable claims and remedies for constructive fraudulent transfer against the Second Lien Lenders available to the Debtors were those asserted in the Adversary Complaint.

The First Investigation Report also concluded that a constructive fraudulent transfer claim did not exist against the RBL Lenders because (a) both the Old Forest RBL and Old Sabine's RBL Credit Facility were fully secured through the date of the Combination, and (b) those same assets remained pledged as security on the refinanced RBL Credit Facility that closed on December 16, 2014. The substitution of one fully secured claim with another fully secured claim, particularly one that does not change the recovery of the junior claimants, cannot be a constructive fraudulent transfer.

2. The Bucket II Claims

In connection with prepetition and postpetition negotiations with respect to the Final Cash Collateral Order, the Debtors, with the help of their advisors, began investigating certain legal arguments regarding the scope and extent of the Prepetition Secured Parties' liens (the "Bucket II Claims"), and the likelihood of success of various constituencies with respect to such legal arguments. Each of the Bucket II Claims discussed below has been incorporated into the Settlement contemplated by the Plan.

a. Disputed Cash Issue

As described in Article VI.A.1 above, on February 25, 2015, the Debtors made the Revolver Draw to fund ordinary course business operations and preserve optionality in the event of an in- or out-of-court restructuring. The Debtors placed the funds from the Revolver Draw into the Debtors' main operating account (the "Operating Account"). Between the time of the Revolver Draw and the Petition Date, the funds from the Revolver Draw, the Debtors' unencumbered cash from operations, and the Debtors' encumbered cash proceeds of Prepetition Collateral were commingled in the Operating Account. As of the Petition Date, the Operating Account had a balance of approximately $252 million, which amount comprised the Disputed Cash. The RBL Lenders and the Committee disagree as to the extent to which the Disputed Cash was encumbered as of the Petition Date (the "Disputed Cash Issue"); specifically, the RBL Lenders assert that all of the Disputed Cash constitutes Cash Collateral (as such term is defined in the Bankruptcy Code), while the Committee asserts that none of the Disputed Cash constitutes Cash Collateral.

As part of their investigation of the Bucket II Claims, the Debtors examined various equitable methods for tracing the commingled Disputed Cash in the Operating Account and the likelihood that each such method would be deemed equitable by the Bankruptcy Court. The Debtors believe that the most equitable tracing method in these chapter 11 cases is evidence-based tracing, which the Debtors have been using to trace cash postpetition in accordance with the Final Cash Collateral Order. After applying the evidence-based tracing method to prepetition cash flows into and out of the Operating Account, the Debtors concluded that, under this method of tracing all funds in the Operating Account were unencumbered as of the Petition Date and that the Debtors' likelihood of success in arguing that none of the Disputed Cash constitutes Cash Collateral approaches 100 percent. The result of this determination—that the Disputed Cash was unencumbered in its entirety as of the Petition Date—is reflected in the Settlement contained in the Plan.

b. Scope of Collateral Issues

The Scope of the Collateral Issues encompass the validity, priority, and extent of the liens and security interests held by the RBL Lenders in the Debtors' oil and gas leases and wells listed in the RBL Mortgages (defined below) as well as in the Debtors' personal property (the "Scope of the Collateral Issues").

i. The Unlisted Leases

Certain of the Debtors' predecessors-in-interest granted a security interest in favor of the RBL Lenders in properties that now belong to the Debtors pursuant to several mortgage documents (collectively, the "RBL

Mortgages").[6] Each of the RBL Mortgages at issue contains a clause that specifically grants a security interest in "all rights, titles, interests and estates now owned or hereafter acquired by [the Debtors] in and to the properties now owned or hereafter pooled or unitized with the Hydrocarbon Property" (each such clause a "Unitization Clause"). The Unitization Clause relates to certain "unitized" oil and gas leases (collectively, the "Unitized Leases"). The Unitization Clause also purports to grant a security interest on all after-acquired leases pooled or unitized with such Hydrocarbon Properties (collectively, the "After-acquired Leases" and together with the Unitized Leases, the "Unlisted Leases").

The Debtors believe that the RBL Lenders may have a valid and perfected lien in the Unitized Leases, even though they were not expressly listed on the exhibit to the mortgage, as long as they were subject to publically filed unit declarations as of the date of the applicable mortgage. The Debtors, however, believe the RBL Lenders do not hold a valid and perfected lien on After-acquired Leases, as such After-acquired Leases would not have been subject to a publically filed unit declaration as of the date of the applicable mortgage, and, therefore, would not have been identifiable based on publically available sources. The RBL Lenders assert that they have valid, perfected mortgages on all of the Unlisted Leases. The Committee asserts that the RBL Lenders do not have valid and perfected liens on any of the Unlisted Leases.

The Debtors and their advisors have examined the various legal arguments raised by the RBL Lenders and the Committee with respect to the Unlisted Leases. The Debtors have determined that they are likely to succeed on certain of their claims with respect to the Unlisted Leases. The Unlisted Leases have a combined value of approximately 3.1 percent of PV-10 total reserves; accordingly, the Debtors believe that a settlement in the amount of 1 percent of PV-10 total reserves, is reasonable.

ii. The Potentially Defective Recording Leases

As noted above, certain of the Debtors' predecessors-in-interest filed mortgages on their oil and gas leases and wells in favor of the RBL Lenders. The Committee has identified 199 of those leases that it argues were or may have been included in the lease schedules attached to the RBL Mortgages, but for which there defects of description (the "Potentially Defective Recording Leases"). The Committee asserts that the Potentially Defective Recording Leases were not properly recorded or otherwise suffer from defects that render the leases unencumbered. Accordingly, the Committee argues that these Potentially Defective Recording Leases do not meet the legal standard of notice required to perfect the liens thereon, with the result that such unperfected liens may be avoided pursuant to Bankruptcy Code section 544(a)(1) and (a)(3). The RBL Lenders disagree and asset that they have valid, perfected liens on all such leases.

As part of their investigation of the Bucket II Claims, the Debtors examined the various legal arguments raised by the RBL Lenders and the Committee with respect to the Potentially Defective Recording Leases. The list of Potentially Defective Recording Leases in fact clearly identifies the state and county of the mortgaged property, the lessor, the lessee, the lease number, the lease type, and the lease date and expiration date (the "Available Information"). The Debtors conducted a review of public records using the Available Information and found that such information was sufficient to identify 101 of the 199 leases at issue (the "Clearly Identifiable Leases"). The Debtors were unable to identify only 98 of the 199 leases.

Despite the fact that the mortgages are flawed on the basis that the book and page numbers are omitted or recorded in error, the Debtors' review of public records establishes that, with respect to the Clearly Identifiable Leases, such errors or omissions are minor and insufficient to render the mortgage ineffective as the collateral is still clearly identifiable. While the mortgages on the Clearly Identifiable Leases are properly perfected and offer no settlement value, the Settlement assumes a 100 percent chance of success on the remaining 98 leases that the Debtors were unable to identify.

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6 Specifically, such RBL Mortgages took the form of a *Deed of Trust*, *Fixture Filing*, *Assignment of As-Extracted Collateral*, *Security Agreement*, and *Financing Statement* in favor of the RBL Agent.

iii. The County Leases

The RBL Lenders assert that they hold a valid mortgage on all 3,338 of the leases located in the counties in which the RBL Mortgages were filed (the "County Leases"). The Debtors considered the legal arguments for and against this position in connection with their Bucket II Claims analysis and determined that such assertion cannot satisfy Texas law, which requires that the description of the particular land to be conveyed be identified with reasonable certainty. Accordingly, the Debtors concluded that the RBL Lenders do not have valid mortgages on all of the County Leases and have given this claim a 0 percent chance of success for purposes of the Settlement.

iv. The Blanket Liens

The RBL Lenders have also taken the position that they have blanket liens on all of the Debtors' personal property, including general intangibles, accounts, inventory, and as-extracted collateral whether or not related to the hydrocarbons. The Committee disagrees, presenting the issue of whether the RBL Lenders have liens on all of the Debtors' personal property or only personal property related to the hydrocarbons. It is the Debtors' position that the unambiguous language of the RBL Mortgages includes only personal property related to the hydrocarbons in the RBL Lenders' collateral package and, accordingly, the RBL Lenders will not prevail in asserting liens over personal property unrelated to the hydrocarbons. The Debtors have accordingly given this claim a 0 percent chance of success for purposes of the Settlement.

c. Preference Issue

The Debtors considered whether the liens on the 1,769 oil and gas leases granted to the RBL Lenders (the "New RBL 90-Day Mortgages") and the 1,865 oil and gas leases granted to the Second Lien Lenders (the "Second Lien 90-Day Mortgages" and together with the New RBL 90-Day Mortgages, the "90-Day Mortgages") transferred to the RBL Lenders and the Second Lien Lenders pursuant to their respective Forbearance Agreements could be avoided as preferential transfers under section 547(b) of the Bankruptcy Code (the "Preference Issue").

On May 4, 2015, the Debtors executed the RBL Forbearance Agreement. Under the terms of the RBL Forbearance Agreement, the RBL Lenders agreed to forbear from exercising remedies available to them under the RBL Credit Agreement until June 30, 2015 (subsequently extended to July 15, 2015) with respect to: (i) the going concern qualification; (ii) the failure to make any borrowing base deficiency payments arising from any borrowing base redetermination; and (iii) the failure to make the April 21, 2015 interest payment under the Second Lien Credit Agreement. In exchange, the Debtors agreed to, among other things, provide the RBL Lenders with mortgages on currently unencumbered properties.

At the time of the December 16, 2014 refinancing of the RBL Credit Agreement, the Debtors owned approximately 300 properties that the Debtors intended to sell. As an accommodation to the Debtors, to more efficiently complete such intended sale, the RBL Lenders did not require the pledge of the 90-Day Mortgages on the 300 properties in connection with the December refinancing. Ultimately, however, the Debtors did not close on the sale of the 300 properties, and in exchange for the first forbearance, the RBL lenders required the pledge of the New RBL 90-Day Mortgages. On or around May 4, 2015, the RBL Lenders perfected liens on the New RBL 90-Day Mortgages, which the Debtors estimate have an aggregate value of approximately $15 million.

On May 20, 2015, the Debtors executed the Second Lien Forbearance Agreement. The Debtors' obligations under the the Second Lien Forbearance Agreement are substantially similar to those under the RBL Forbearance Agreement. On or around May 20, 2015, the Second Lien Lenders received liens on the Second Lien 90-Day Mortgages. The properties on which the Second Lien 90-Day Mortgages were granted included 85 leases that were not included the mortgages granted to the RBL Lenders on May 4, 2015 (the "85 Leases").

The New 90-Day Mortgages granted pursuant to the forbearance agreements with the RBL Lenders and the Second Lien Lenders may be avoidable as preferential transfers under section 547 of the Bankruptcy Code. However, any recovery beyond the avoidance of the potentially preferential transfer of liens on the New RBL 90-Day Mortgages is unlikely, as the appropriate remedy for such avoidance would be the avoidance and preservation for the estate of *only the lien granted*, not the underlying value of the property. As noted above, such recovery would be subject to the RBL Lenders' adequate protection liens. Furthermore, there is appreciable risk that the RBL Lenders will prevail in defending these claims, either on the grounds that they provided "new value" to the Debtors

via the forbearance or that they were oversecured as of May 4, 2015. Accordingly, the Debtors believe that a settlement of the avoidance claims with respect to the 90-Day Mortgages (other than those mortgages granted only to the Second Lien Lenders) for $2,000,000 represents a fair settlement given the merits of, and the RBL Lenders' potential defenses to, such claims.

With respect to the the additional 85 Leases transferred to the Second Lien Lenders pursuant to the forbearance agreement, those leases currently are worth $645,000, or 0.64 percent of PV-10 value of total proved reserves. The Debtors are likely to prevail on those claims, so the claims to avoid the additional 85 leases included in the Second Lien 90-Day Mortgages as preferential transfers should be settled at 100 percent chance of success, or $645,000 of value given, from the Second Lien Lenders. Because the Plan contemplates that the Second Lien Lenders are wholly unsecured, however, the avoidance of these liens does not result in any additional recovery for unsecured creditors.

d. Swap Issue

Prior to the Petition Date, Sabine or one of its predecessors-in-interest entered into ISDA Master Agreements (collectively, and as amended, modified, or supplemented from time to time in accordance with the terms thereof, the "Swap Agreements") with seven financial institutions (collectively, the "Swap Counterparties") to hedge the pricing risk associated with floating commodity prices. Because commodity prices have generally declined following entry into the Swap Agreements, the Swap Agreements resulted in net assets in favor of the Debtors.

Prior to or shortly after the Petition Date, each of the Swap Counterparties terminated their Swap Agreements with Sabine. Those Swap Counterparties who terminated *prior* to the Petition Date set off the amounts they owed to Sabine under the Swap Agreements against the amounts the Debtors owed to such counterparties or their affiliates under the RBL Credit Agreement. Two Swap Counterparties—Huntington National Bank ("Huntington") and Merrill Lynch Commodities ("ML Commodities")—terminated their Swap Agreements on July 16, 2015 and July 15, 2015, respectively.

On or around July 21, 2015, Huntington sent $19,729,905—the cash proceeds (the "Huntington Proceeds") that resulted from the termination of the Huntington Swap Agreement—to the Debtors. On or around July 21, 2015, the Debtors sent the Huntington Proceeds to the RBL Agent, who then applied such proceeds to reduce amounts the Debtors owe under the RBL Credit Agreement (the "Huntington Payment") in accordance with the Final Cash Collateral Order.

On or around July 16, 2015, ML Commodities sent $4,594,250—the cash proceeds (the "ML Commodities Proceeds") that resulted from the termination of the ML Commodities Swap Agreement—to the Debtors. On or around July 17, 2015, the Debtors sent the ML Commodities Proceeds to the RBL Agent, who then applied such proceeds to reduce amounts the Debtors owe under the RBL Credit Agreement (the "ML Commodities Payment") in accordance with the Final Cash Collateral Order.

The Debtors believe that the Huntington Payment and the ML Commodities Payment (a) were unauthorized postpetition transfers and should be avoided pursuant to sections 549 and 550 the Bankruptcy Code and (b) "unduly disadvantaged" the Debtors and the unsecured creditors and should be unwound. There is merit to the claim that the Huntington Payment and the ML Commodities Payment "unduly disadvantaged" unsecured creditors because such transactions gave the RBL Lenders 100 percent payment on their deficiency claim to the extent that the RBL Lenders are undersecured. The Debtors have thus proposed a settlement that reserves the full amount of the $24 million of value associated with the Huntington Payment and the ML Commodities payment for unsecured creditors, which is reflected in the Settlement contained in the Plan.

3. The Bucket III Claims

Following the issuance of the First Investigation Report, the Independent Directors' Committee continued to investigate and consider other Potential Estate Claims, including claims for intentional fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, debt recharacterization, and equitable subordination (collectively, the "Bucket III Claims"). To investigate these claims, the Independent Directors' Committee's advisors reviewed nearly one million pages of documents from the Debtors and third parties, conducted witness

interviews of all Old Sabine and Forest Oil board members, and took depositions of witnesses who had not been previously interviewed.

On December 1, 2015, counsel for the Debtors released to the Committee their *Analysis of Potential Estate Causes of Action: Intentional Fraudulent Transfer, Breach of Fiduciary Duty, and Equitable Subordination* (the "Second Investigation Report"), which was prepared for and adopted by the Independent Directors' Committee.

The Second Investigation Report concluded that there were no additional colorable claims that would benefit the Debtors' estates. Specifically, with respect to intentional fraudulent transfer, the Second Investigation Report concluded that the evidence did not support a claim that decision makers at either Forest Oil or Old Sabine acted with "actual intent" to hinder, delay, or defraud creditors. To the contrary, the evidence showed that the Forest Oil board of directors (the "Forest Oil Board") and the Old Sabine board of directors (the "Legacy Sabine Board") entered into and agreed to close the Combination under a revised transaction structure because each believed that doing so was preferable for that company and its constituent stakeholders as compared to the available alternatives.

The Independent Directors' Committee also concluded that there was no breach of fiduciary duty claim against the directors or officers of Forest Oil or Old Sabine. The boards of both Forest Oil and Old Sabine deliberated over what approach would be in the best interests of that company and its stakeholders, and consulted with expert advisors and/or financial management in connection with those deliberations. Separately and independently, the Independent Directors' Committee noted that fiduciary breach claims were barred by provisions in the Sabine Operating Agreement, and that duty of care claims were barred by exculpatory provisions in the Forest Oil Certificate of Incorporation and the Old Sabine Operating Agreement. Because there were no colorable breach of fiduciary duty claims, there were no colorable claims for aiding and abetting fiduciary breaches, either.

Likewise, the Second Investigation Report found that the evidence does not support a claim that the lenders engaged in fraud or other "egregious and severely unfair" conduct as is required for an equitable subordination claim. The RBL Agent and Barclays (as defined herein) engaged in arm's-length negotiations in connection with both the initial financing commitment for the Combination and between September and December 2014 in response to Old Sabine's requests to modify the financing terms. Moreover, the Independent Directors' Committee found that there is no basis for asserting an equitable subordination claim against the lenders because their decision to adopt the alternative transaction structure materially benefitted the combined company as a whole, whereas proceeding under the previously agreed-to structure would have resulted in less favorable financing terms.

After the Independent Directors' Committee issued the Second Investigation Report, the Debtors, the Committee, and certain other parties conducted depositions of the Old Sabine and Forest Oil directors and officers, all of whom the Independent Directors' Committee's advisors had interviewed prior to the issuance of the Second Investigation Report. The depositions confirmed the information provided to the Independent Directors' Committee advisors during the witness interviews. Accordingly, the substance of the Second Investigation Report was not modified. Additional citations to the depositions, however, were added to the footnotes of the Second Investigation Report to further support the findings of the Independent Directors' Committee. The revised Second Investigation Report was issued on December 21, 2015.

On December 21, 2015, counsel for the Debtors released a revised Second Investigation Report, which was revised to reflect testimony from depositions on/after December 1, 2015. On December 22, 2015, the Debtors filed their *Notice of Filing of Analysis of Potential Estate Causes of Action*, which attached the First Investigation Report and Second Investigation Report [Docket No. 650].

D. UCC Standing Motions

1. The First UCC Standing Motion

On November 17, 2015, counsel for the Committee filed the *Motion Of The Official Committee Of Unsecured Creditors For (I) Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates And (II) Non-Exclusive Settlement Authority* (the "First UCC

Standing Motion")[7] [Docket No. 518]. Attached to the First UCC Standing Motion, among other things, were three proposed complaints: (i) *Proposed Complaint for Constructive Fraudulent Conveyance and Related Relief* (the "Proposed CFC Complaint"); (ii) *Proposed Complaint For Declaratory Judgment That Disputed Cash Is Free of Liens and Other Interests* (the "Proposed Disputed Cash Complaint"); and (iii) *Proposed Complaint For (I) Declaratory Judgment To Determine Validity, Priority, And Extent Of Liens In Oil And Gas Leases, (II) To Avoid Preferential Mortgages And Other Security Interests, And (III) To Avoid Postpetition Transfers Of Derivative Termination Payments* (the "Proposed Lien Scope and Preference Complaint," and, together with the Proposed CFC Complaint and the Proposed Disputed Cash Complaint, the "Proposed Complaints").

a. The Proposed CFC Complaint

The claims asserted in the Proposed CFC Complaint included claims to avoid obligations and liens at both the parent company level, and at the level of Sabine's subsidiaries. At the parent company level, these include claims to:

- avoid $1.32 billion of obligations including (i) $620 million from Old Sabine's RBL Credit Facility and (ii) $700 million from Old Sabine's Second Lien Credit Facility;
- avoid the liens transferred to secure Sabine's incurrence of Old Sabine's secured indebtedness, preserve those liens for the benefit of the parent estate, and recover for the parent estate the diminution of the value of the liens due to a decline in the value of the collateral since the liens were transferred;
- avoid and recover, for the benefit of the parent estate, over $200 million in payments made by Sabine from the date of closing the Combination to the Petition Date, to the RBL Agent and Second Lien Agent, and to or for the benefit of the RBL Lenders and the Second Lien Lenders, because the Committee claims the underlying obligations are avoidable;
- avoid and recover, for the benefit of the parent estate, payments made by Sabine to the Lenders under Old Sabine's RBL Credit Facility.

The Committee also asserts in its complaint constructive fraudulent transfer claims for the benefit of the Legacy Sabine Subsidiaries. These include claims to:

- avoid, at each of the Legacy Sabine Subsidiaries, incremental secured obligations that the Committee contends were previously only obligations of the parent company (*i.e.*, $105 million in respect of the Old Forest RBL);
- avoid, at each of the Legacy Sabine Subsidiaries, the further $356 million obligation incurred under the RBL Credit Facility as a result of the $356 million draw on February 25, 2015;
- avoid, at each of the Legacy Sabine Subsidiaries, the $50 million of incremental obligations incurred under the Second Lien Credit Facility in excess of Old Sabine's Second Lien Credit Facility; and avoid the liens transferred in connection with the Legacy Sabine Subsidiaries' incremental guarantees of obligations under the RBL Credit Facility and the Second Lien Credit Facility, preserve those liens for the benefit of the estates, and recover for the Legacy Sabine

[7] On November 17, 2015, counsel for the Forest Notes Indenture Trustees filed the *Forest Notes Trustees' Motion for Entry of an Order Pursuant to § 1109(b) Granting Leave, Standing and Authority to Prosecute and, if Appropriate, Settle Certain Claims on Behalf of the Estate of Sabine Oil & Gas Corporation (f/k/a Forest Oil, Inc.)* [Docket No. 521]. The Forest Standing Motion seeks standing to pursue certain Fraudulent Transfer claims but does not address other Avoidance Actions or the amount of any Collateral Diminution. Also on November 17, 2015, the Sabine Notes Indenture Trustees filed the *Joinder of the Bank of New York Mellon Trust Company, N.A. to Motion Of The Official Committee Of Unsecured Creditors For (I) Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates; and (II) Related Relief* [Docket No. 520].

Subsidiaries' estates the diminution of the value of the liens due to a decline in the value of the collateral since the liens were transferred.

b. Proposed Disputed Cash Complaint

The Committee's Proposed Disputed Cash Complaint seeks a declaratory judgment that the Disputed Cash as of the Petition Date was not subject to any liens, security interests, or equitable interests of the Debtors' secured lenders and therefore, the entirety of the Disputed Cash was unencumbered on the Petition Date. As discussed herein, the Debtors have pursued these claims in connection with the Settlement.

c. Proposed Lien Scope and Preference Complaint

The bases of the Proposed Lien Scope and Preference Complaint are the Scope of the Collateral Issue, the Preference Issue and the Swap Issue. Specifically, the Committee argues that: (i) because the Unlisted Leases are not specifically identified on any mortgage, such leases are entirely unencumbered and are therefore available to satisfy the claims of unsecured creditors; (ii) because the Potentially Defective Recording Leases do not meet the legal standard of notice required to perfect the liens thereon, and the RBL Lenders' liens thereon may be avoided pursuant to Bankruptcy Code section 544(a)(1) and (a)(3); (ii) the liens granted pursuant to the New 90-Day Mortgages may be avoided and preserved for the benefit of the Debtors' estates; and (iv) the Huntington Payment and the ML Commodities Payment (i) were unauthorized postpetition transfers and should be avoided pursuant to sections 549 and 550 the Bankruptcy Code and (ii) "unduly disadvantaged" the Debtors and the unsecured creditors and should be unwound. As discussed herein, the Debtors have pursued these claims in connection with the Settlement.

2. The Second Standing Motion

On December 15, 2015, counsel for the Committee filed, under seal, the *Second Motion of the Official Committee Of Unsecured Creditors For (I) Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates And (II) Non-Exclusive Settlement Authority* [Docket No. 609] (the "Second UCC Standing Motion").[8] Attached to the Second UCC Standing Motion was, among other things, the *Proposed Complaint For (I) Intentional Fraudulent Conveyance; (II) Breach Of Fiduciary Duty; (III) Aiding And Abetting Breach Of Fiduciary Duty; (IV) Equitable Subordination; (V) Debt Recharacterization; (IV) And Related Relief* (the "Second UCC Standing Motion Complaint").

The Committee seeks to avoid, as intentional fraudulent conveyances:

- the RBL Credit Facility obligations at Forest Oil;
- the liens granted by Forest Oil to secure the RBL Credit Facility obligations;
- the RBL Credit Facility obligations at each of the Legacy Sabine Subsidiaries;
- the liens granted by the Legacy Sabine Subsidiaries to secure the RBL Credit Facility obligations;
- the Old Sabine Second Lien Credit Facility obligations at Forest Oil;
- the liens granted by Forest Oil to secure the Second Lien Credit Facility obligations;

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8 On December 15, 2015, counsel for the Sabine Notes Indenture Trustees filed the *Joinder of the Bank of New York Mellon Trust Company, N.A. to Second Motion Of The Official Committee Of Unsecured Creditors For (I) Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 611]. Also on December 15, 2015, counsel for the Forest Notes Indenture Trustees filed the *Joinder of the Forest Notes Trustees to Second Motion Of The Official Committee Of Unsecured Creditors For (I) Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 612].

- the $50 million in incremental obligations incurred under the Second Lien Credit Facility by the Legacy Sabine Subsidiaries at the closing of the Combination;

- the liens granted by the Legacy Sabine Subsidiaries to the extent that such liens secure the $50 million in avoidable obligations under the Second Lien Credit Facility;

- the approximately $620 million in payments made in respect of the RBL Credit Facility at the closing of the Combination; and

- all post-Combination payments of principal, interest and fees in respect of the RBL Credit Facility and the Second Lien Credit Facility, including the $185 million of proceeds of the sale of the Arkoma assets of Forest Oil that were used two days after the Combination to pay down the balance of the RBL Credit Facility.

Additionally, the Committee seeks to preserve the avoided liens for the benefit of the estate pursuant to section 551 of the Bankruptcy Code.

The Second UCC Standing Motion also seeks standing to bring breach of fiduciary duty claims. Specifically, the Committee seeks to bring fiduciary-breach claims against (a) the Old Sabine and Forest Oil directors and officers in place until the morning of the closing of the Combination; (b) a group of directors that allegedly existed on the day of the closing of the Combination (called the "Sabine Slate" directors by the Committee) that the Committee alleges approved the financing arrangements in connection with the Combination; (c) fiduciaries of the Legacy Sabine Subsidiaries with respect to the Combination, including Mr. Sambrooks; and (d) the sponsor of Old Sabine ("First Reserve") and certain of its related entities that owned majority stakes in the Debtors, as part of the so-called "Sabine Slate" board of directors and with respect to the Legacy Sabine Subsidiaries. The Committee also seeks to bring aiding and abetting breach of fiduciary duty claims against (v) the Debtors' current and former secured lenders; (w) First Reserve; (x) the Forest Oil directors and officers; (y) the Old Sabine directors and officers; and (z) the fiduciary for the Legacy Sabine Subsidiaries. The Committee alleges that each of these groups aided and abetted the primary fiduciary breaches discussed herein.

With respect to equitable subordination, the Committee seeks to bring causes of action under Section 510(c) of the Bankruptcy Code to equitably subordinate the following claims to the claims of all unsecured creditors:

- the claims of the refinanced RBL Agent and refinanced RBL Lenders at Sabine;

- the guaranty claims of the refinanced RBL Agent and refinanced RBL Lenders at the Legacy Sabine Subsidiaries;

- the $50 million in incremental obligations, funded by the refinanced RBL Lenders and incurred under the Second Lien Credit Facility by Sabine and the Legacy Sabine Subsidiaries at the closing of the Combination; and

- the entirety of the claims of the Second Lien Lenders and Second Lien Agent at Sabine.

In asserting the equitable subordination claim, the Committee claims that the refinanced RBL Lenders were "statutory insiders" because they allegedly "exerted financial leverage" over the Debtors. In the alternative, the Committee claims that the RBL Lenders' conduct also reaches the equitable subordination standard for non-insiders.

Finally, the Committee alleges that pursuant to the Bankruptcy Court's equitable powers under Section 105(a) of the Bankruptcy Code, the incremental $50 million of the Second Lien Credit Facility should be recharacterized as equity. The Committee claims that such recharacterization is appropriate because (a) the Second Lien Lenders who made the incremental term loans were allegedly the same lenders who had committed to the unsecured bridge loan; (b) the incremental loans were allegedly seen as a settlement allowing the Second Lien Lenders out of the unsecured bridge loan; (c) the Second Lien Lenders and First Reserve allegedly agreed the money should be an equity infusion, but equity was not an option; and (d) the lenders were the same as those who had

proposed a fourth lien tier to the revised bridge loan, which the Committee characterizes as having an exorbitant interest rate.

E. Objections to Standing Motions

1. The Debtors' Standing Objection

On January 20, 2016, the Debtors filed, partially under seal, an *Objection to the Motions of the Official Committee of Unsecured Creditors, Forest Notes Indenture Trustees, and Bank of New York Mellon Trust Company N.A. for (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* (the "Debtors' Standing Objection") [Docket No. 722]. The Debtors' Standing Objection argues that the proposed claims are neither colorable nor in the best interests of the Debtors' estates. The Debtors note that the facts are largely not in dispute, and that the proposed claims are not only contrary to law but also refuted by the undisputed facts.

Specifically, the Debtors' Standing Objection argues that the Committee's proposed constructive fraudulent transfer claims at the two levels at which the Committee seeks to avoid obligations on secured debt and related liens—at Sabine and at the Sabine subsidiaries—both fail. Further, the Debtors argue that the Committee has failed to adequately allege colorable intentional fraudulent transfer claims, as, among other reasons, the Committee's claims are predicated on the notion that the board of directors that met for the first time at 3:30 p.m. Eastern Time on the day of closing should have halted the Combination midstream or refused to approve the financing for Sabine, neither of which was a realistic option. Further, the Debtors argue that none of the proffered theories satisfy the demanding legal standard for equitable subordination. With respect to the breach of fiduciary duty causes of action that the Committee advances, the Debtors argue that Committee has failed to state colorable claims against the boards of directors of Forest Oil, Old Sabine, the board that met for the first time at 3:30 p.m. Eastern Time on the closing date of the Combination, or First Reserve. Nor, the Debtors argue, did the Committee adequately plead colorable claims for aiding and abetting the alleged breaches of fiduciary duties, because the Committee lacks standing to bring aiding and abetting claims on any claims predicated by fiduciary breaches by the Old Sabine board or the Forest Oil board, and several required elements of those claims were not adequately pled. In addition, the Debtors also argue that because it is well-settled that the extension of credit by existing lenders (or, here, previously committed lenders) to a distressed borrower is not a basis for recharacterization, the Committee's argument for recharacterization as equity of the $50 million upsized Second Lien Credit Agreement fails.

Moreover, the Debtors' Standing Objection explains that the Independent Directors' Committee had concluded that the proffered claims are not in the best interests of the estates to pursue. The Debtors argue that even if the proposed claims could survive a motion to dismiss, they would not survive summary judgment or prevail on the merits, and thus the claims would not justify the extreme litigation expense they would impose on the Debtors' estates. Further, the Debtors' Standing Objection states that the Debtors will soon propose a plan of reorganization, and that allowing the proposed litigation to proceed would prejudice the Debtors' efforts at negotiating and confirming that plan.

In addition, the Debtors argue that they are already pursuing several other claims—specifically, the Bucket II Claims—as part of the Debtors' joint plan of reorganization. Thus, the Debtors argue, they have not refused to pursue the Bucket II Claims, and the motions for standing with respect to those claims should likewise be denied.

2. The Forest D&Os' Standing Objection

Also on January 20, 2016, counsel for several directors and officers of Forest Oil—Richard J. Carty, Loren Carroll, Dod Fraser, James Lee, James Lightner, Patrick R. McDonald, Raymond Wilcox, and Victor Wind (collectively, the "Forest D&Os")—filed the *Omnibus Objection to Motions Seeking Derivative Standing* [Docket No. 721] (the "Forest D&Os' Standing Objection"). The Forest D&Os' Standing Objection challenged several of the proposed claims of the Committee set forth in the Second UCC Standing Motion, and the joinders thereto.

Specifically, the Forest D&Os argued that the Committee's proposed claims for breach of fiduciary duty are not colorable for a number of independent reasons, including that the Forest D&Os' decision to enter into and not terminate the Combination and their conduct during that decision-making process was protected by the business judgment rule, that the exculpatory provision in the Forest Oil incorporation documents precludes a duty of care

violation, and that non-Director Victor Wind (Forest Oil's former Chief Financial Officer) cannot be held liable under New York law for board decisions for which he was not responsible. Further, Forest D&Os' Standing Objection argues that the proposed claims for breach of loyalty against the Forest D&Os are likewise not colorable as such claims conflate the duty of care with the duty of loyalty, and the Committee does not allege that the Forest D&Os did not act (with one exception) with the requisite lack of self-interest. In addition, the Forest D&Os argue that the Committee lacks standing to assert aiding and abetting breach of fiduciary duty claims against the Forest D&Os, and that, in any event, the Committee fails to plead necessary elements of such causes of action.

Finally, the Forest D&Os' Standing Objection states that the claims against Patrick McDonald and Dod Fraser for their role on the newly formed board that met for the first time at 3:30 p.m. Eastern Time on the closing date of the Combination are not colorable, because (even assuming the Committee's alleged facts are correct) neither Partick McDonald nor Dod Fraser was self-interested at the time of such board meeting, thus precluding a duty of loyalty claim, and because the exculpatory provision in Forest Oil's incorporation documents precludes liability for any duty of care claim.

3. The Sabine Directors' Objection

On January, 20, 2016, certain Sabine directors filed the *Limited Objection of Sabine Directors Duane Radtke, David Sambrooks, and John Yearwood To The Second Motion of the Official Committee of Unsecured Creditors for (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 715] ("Sabine Directors' Objection"). The Sabine Directors' Objection argues that the Committee's claims against those parties could not withstand a motion to dismiss. First, with respect to the alleged breach of fiduciary duty claims, the Sabine Directors' Objection argues that the exculpatory provisions of Old Sabine's operating agreement bar claims for breach of fiduciary duty unless based upon bad faith, which the Committee does not allege and, in any case, directors of Delaware companies do not owe a fiduciary duty to specific creditor groups as opposed to the company and all its stakeholders as a whole. Further, the allegations that purport to show a breach of duty of loyalty are too conclusory to withstand a motion to dismiss. Second, the Sabine Directors' Objection asserts that claim against the non-First Reserve Sabine directors for allegations of fiduciary breach by the "Sabine Slate" board are barred by the exculpatory provisions in Forest Oil's charter, and otherwise are implausible. Third, the Sabine Directors' Objection argues that the Committee's attempt to assert a claim against David Sambrooks for signing guarantees by the Sabine subsidiaries ignores that, with respect to all but one of those subsidiaries, such subsidiaries were LLCs whose sole managing member was another Debtor entity with sole authority to manage the LLC. Finally, the Sabine Directors' Objection argues that the Committee has not alleged a colorable claim for aiding and abetting breach of fiduciary duty because there is no underlying breach, and the allegations are insufficient to show knowing and substantial participation.

4. The Barclays Objection

On January 20, 2016, Barclays Bank PLC and Barclays Capital Inc. (collectively, "Barclays") filed an *Objection of Barclays Bank PLC and Barclays Capital Inc., And Joinder In The Objections Of Wells Fargo, N.A., In Its Capacity As First Lien Agent, To The First And Second Motions Of The Official Committee Of Unsecured Creditors And The Motion Of The Forest Notes Indenture Trustees For Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates* [Docket No. 716] (the "Barclays Objection"). Barclays joined and incorporated by reference two objections filed by Wells Fargo Bank, N.A. Further, its Objection expands on several of the arguments therein with respect to constructive fraudulent transfer, including by stating that the Debtors received reasonably equivalent value (the loan proceeds) in exchange for the obligations and liens that the proposed claims now seek to avoid. Barclays also argues that there are no colorable claims for intentional fraudulent transfer, aiding and abetting breaches of fiduciary duty, and equitable subordination, because, among other reasons, the alternative structure adopted for the Combination in December 2014 was a substantial improvement for Sabine. More specifically, as for the proposed intentional fraudulent conveyance claims, the Barclays Objection argues that movants have failed to allege specific facts demonstrating that a critical mass of the decision-making directors acted with the requisite intent. In addition, Barclays maintains that there are no colorable claims for aiding and abetting, because there are no underlying breaches, and even if movants could establish one, the Committee's own allegations establish that Barclays did not aid and abet any such underlying breach. Finally, Barclays states that because, among other reasons, there is no

evidence that their conduct was "egregious and severely unfair," as required, the proposed equitable subordination claims fail.

5. The First RBL Agent Objection

On January 20, 2016, the RBL Agent filed the *Objection of Wells Fargo Bank, N.A., In Its Capacity As First Lien Agent, To The First And Second Motions Of (I) Official Committee Of Unsecured Creditors And (II) The Forest Notes Indentures Trustees For Leave, Standing, And Authority To Commence And Prosecute On Behalf Of The Debtors' Estates Fraudulent Transfer And Related Claims* [Docket No. 717] ("First RBL Agent Objection"). Therein, the RBL Agent argues that (1) in light of the investigation by the Independent Directors' Committee, the Debtors did not "unjustifiably" fail to assert the claims proposed by the Committee; (2) those proposed claims are not colorable; and (3) prosecution of the litigation will jeopardize the Debtors' reorganization prospects and harm the Debtors' estates. Regarding "colorability," the Objection first argues that the intentional fraudulent transfer claim was not colorable because the Committee did not properly plead actual fraudulent intent (including failing to allege sufficient "badges of fraud"). Additionally, the First RBL Agent Objection argues that structuring the transaction to avoid triggering the change of control provision does not constitute an actual intent to hinder or delay. Second, the First RBL Agent Objection argues the proposed claims for constructive fraudulent transfer are not colorable because the Debtors received reasonably equivalent value from the RBL Lenders. The First RBL Agent Objection also advances an affirmative defense under section 548(c) of the Bankruptcy Code: that the claims and liens granted to the RBL Agent and the RBL Lenders could not be avoided because those liens and claims were exchanged in good faith and for value. Third, the First RBL Agent Objection argues that the claim for equitable subordination was not colorable because neither the RBL Agent nor any of the RBL Lenders are "insiders" of the Debtors and even if they are, there is no evidence of inequitable conduct; further, there is no injury to the creditors. Fourth, the First RBL Agent Objection argues that claims for aiding and abetting fiduciary breach will fail because there is no underlying breach, and there are no allegations of actual knowledge of or substantial assistance in any such breach. Finally, the First RBL Agent Objection joined in the objection of the Second Lien Agent with respect to the proposed debt recharacterization claim.

6. The Second RBL Agent Objection

Also on January 20, 2016, the RBL Agent filed the *Objection of Wells Fargo Bank, N.A., As First Lien Agent, To The Motion Of The Official Committee Of Unsecured Creditors (I) For Leave, Standing, And Authority To Commence And Prosecute Certain Claims And Causes Of Action On Behalf Of The Debtors' Estates And (II) Non-Exclusive Settlement Authority With Respect To The Alleged Disputed Cash, Lien Scope, And Preference Complaints* [Docket No. 720] (the "Second RBL Agent Objection"). Therein, the RBL Agent asserts that the Committee's proposed lien, disputed cash, and preference claims are not colorable as a matter of law because, among other things, the RBL Agent holds legal, valid, binding and perfected liens under Texas law. Additionally, the Second RBL Agent Objection argues that prosecution of the claims would not benefit the Debtors' estates. Further, due to the substantial collateral diminution in value that has occurred in the cases, the Objection asserts that the RBL Agent has an adequate protection lien on all of the Debtors' assets on the terms set forth in the Debtors' Final Cash Collateral Order, which would entitle it to any disputed cash and other recoveries on the lien and preference claims. Finally, the Second RBL Agent Objection explains that, given the lack of merit of the claims, the expense of litigating the claims, the risk to the Debtors' reorganization efforts, and the resulting delay in the resolution of these cases, the grant of derivative standing should be denied.

7. The Second Lien Agent's Standing Objection

On January 20, 2016, counsel for the Second Lien Agent filed the *Omnibus Objection of the Second Lien Agent To The Standing Motions* [Docket No. 719] (the "Second Lien Agent's Standing Objection"). The Second Lien Agent first challenges the proposed constructive fraudulent transfers claims, arguing that the neither Sabine's incurrence, nor the grant of liens to secure, loan obligations was constructively fraudulent when both applicable merger and fraudulent conveyance law are correctly applied. With respect to the proposed intentional fraudulent transfer claims, the Second Lien Agent's Standing Objection states that the transferor's intent must be analyzed at the time of the transfer or incurrence of obligation, and that the movants allege no facts regarding Old Sabine's intent in connection with the incurrence of the obligations, which the Second Lien Agent contends was two years before the Combination. Further, the Second Lien Agent's Standing Objection argues that the movants have

presented no colorable claim to avoid liens granted to the Second Lien Agent in connection with the Combination, reasoning that because the obligations are valid and not subject to avoidance, Sabine received, as a matter of law, reasonably equivalent value when it subsequently granted additional liens to secure its own obligations. Next, the Second Lien Agent argues that the proposed causes of action, if successful, would not restore parties to their pre-Combination position, as it is not possible as a legal or practical matter. The Second Lien Agent also argues that the Second Lien Lenders cannot be held liable for the collateral's decline in value, because a monetary recovery is not appropriate where the transferee received a lien, and the debtor continued to operate, manage and possess the asset, as the Second Lien Agent contends is the case here. In addition, the Second Lien Agent argued that there is no colorable basis to recharacterize $50 million in incremental obligations that Sabine incurred on the date the Combination closed, as the factors applied by courts in evaluating such claims demonstrate that there is no such basis. The Second Lien Agent further argues that the proposed claims for equitable subordination is not colorable, as, among other reasons, the Committee acknowledges that the Second Lien Lenders were not directly involved in the structuring of the Combination or the alleged efforts to "enrich the Secured Parties." As for the alleged aiding and abetting claims against the Second Lien Lenders, the Second Lien Agent's Standing Objection states that the movants have identified no basis on which to maintain a colorable claim. Finally, the Second Lien Agent challenge certain of the Bucket II Claims, arguing that the Debtors are actively pursuing those very claims and thus not "unjustifiably refused to prosecute such claims," and that accordingly there is no basis to grant standing to pursue them.

8. The First Reserve Standing Objection

On the same date counsel for several parties affiliated with First Reserve filed, substantially under seal, the *Objection of FRC Founders Corporation, Sabine Investor Holdings LLC, First Reserve Fund XI, L.P., First Reserve GP XI, L.P., First Reserve GP XI, Inc., Michael France, Alex Krueger, Brooks Shughart, And Joshua Weiner To The Second Motion of the Official Committee of Unsecured Creditors for (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 714] (the "First Reserve Standing Objection"). The First Reserve Standing Objection argues that the Committee's claims against those parties are implausible. With respect to the alleged breach of fiduciary duty claims, the First Reserve Standing Objection argues that no fiduciary duties were owed to Old Sabine, Old Sabine's Subsidiaries, or Forest Oil, and that regardless the Committee had not alleged any viable claim that any duties owed were breached. Further, the First Reserve Standing Objection argues that the alleged claims of aiding and abetting breaches of fiduciary duties fail for several reasons, namely that there was no predicate breach, and that the Committee has not and cannot allege the requisite "substantial assistance" to any of the parties allegedly aided and abetted. Finally, the First Reserve Standing Objection states that the Committee cannot show that the Debtors unjustifiably refused to bring claims against the First Reserve-affiliated parties.

F. Exclusivity

Under section 1121 of the Bankruptcy Code, a debtor has the exclusive right to file a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief under chapter 11, which period (the "Exclusive Filing Period") may be extended by the bankruptcy court for a period of up to 18 months after the petition date. During the Exclusive Filing Period, no other party in interest may file a competing chapter 11 plan or plans; however, the bankruptcy court may modify the Exclusive Filing Period upon request of a party in interest and "for cause."

On November 9, 2015, the Debtors filed the *Motion for Entry of an Order Extending the Exclusive Periods During Which Only the Debtors May File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 496] (the "Exclusivity Motion"). The Debtors asserted, among other things, that an extension of the exclusivity period in which only the Debtors may file a plan of reorganization was critical to the Debtors' continued progress toward achieving a consensual plan and ensuring the Debtors' emergence from chapter 11. On December 16, 2015 the Bankruptcy Court extended the Exclusive Filing Period through February 10, 2016 and the exclusive period for the Debtors to solicit votes on a chapter 11 plan through April 11, 2016 [Docket No. 614].

The Debtors filed the Plan and this Disclosure Statement within the Exclusive Filing Period and reserve the right to seek extension of their exclusive right to file a plan and solicit votes thereon as necessary and appropriate.

G. Mediation

On January 5, 2016, the Bankruptcy Court entered the *Order Selecting Mediator and Governing Mediation Procedure* [Docket No. 669] (the "Mediation Order"), appointing the Honorable Alan L. Gropper as mediator (the "Mediator") in these chapter 11 cases. Pursuant to the Mediation Order, which was agreed to by several parties, including the Debtors, the Committee, certain of the RBL Lenders, the Second Lien Agent, an ad hoc group of holders of the 2019 and 2020 Notes, an ad hoc group of holders of the 2017 Notes, BNY, Delaware Trust, Wilmington, Barclays, certain current and former directors of Sabine, FRC Founders Corporation, and certain former officers and directors of Forest Oil (collectively, the "Mediation Parties").

With the Mediation Order, the Court authorized the Mediator to mediate any issues concerning, among other things, the terms of any plan of reorganization, relating to the claims and causes of action raised in the Adversary Proceeding, the Proposed Complaints, and the Independent Committee's Reports, as well as any issues related to the confirmation of a plan of reorganization, as the Court deems appropriate (the "Mediation").

In accordance with the terms of the Mediation Order, the Mediation Parties participated in a "meet and confer" session with the Mediator on January 6, 2016 to establish procedures and timing for the Mediation. On January 22, 2016, the Mediation Parties submitted their mediation statements directly to the Mediator. The first formal Mediation session will be held on January 26, 2016.

VIII. THE DEBTORS' FINANCIAL PROJECTIONS AND VALUATION

Attached hereto as **Exhibit C** is a projected consolidated income statement, which includes the following: (a) the Debtors' consolidated, unaudited, preliminary, financial statement information for the fiscal year ended December 31, 2015 and (b) consolidated, projected, unaudited, financial statement information of the Reorganized Debtors (collectively, the "Financial Projections") for the period beginning 2016 and continuing through 2020. The Financial Projections are based on an assumed Effective Date of [June 30], 2016. To the extent that the Effective Date occurs before or after [June 30], 2016, recoveries on account of Allowed Claims could be impacted. Creditors and other interested parties should see the below "Risk Factors" for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors.

In conjunction with formulating the Plan and satisfying its obligations under section 1129 of the Bankruptcy Code, the Debtors determined that it was necessary to estimate the post-confirmation going concern value of the Debtors. As set forth on the valuation analysis attached hereto as **Exhibit D**, Lazard has estimated that the Debtors' enterprise value is approximately $[__].

IX. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Certain Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

1. Parties-in-Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims, each encompassing Claims that are substantially similar to the other Claims in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article IX of the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

3. Failure to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met.

Confirmation of the Plan is also subject to certain conditions as described in Article VIII of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims would receive with respect to their Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

5. Nonconsensual Confirmation

In the event that any Impaired Class of Claims or Interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one Impaired Class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to Professional Fee Claims.

6. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

7. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

8. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

9. Releases, Injunctions, and Exculpations Provisions May Not Be Approved

The Plan provides for certain releases, injunctions, and exculpations. However, such releases, injunctions, and exculpations are subjection to objection by parties-in-interest and may not be approved. If the releases are not approved, certain Released Parties may not support the Plan.

B. Risks Related to Recoveries Under the Plan

1. Debtors Cannot State with Certainty What Recovery Will Be Available to Holders of Allowed Claims in Voting Classes

The Debtors cannot know with certainty, at this time, the number or amount of Claims in Voting Classes that will ultimately be Allowed. Accordingly, because certain Claims under the Plan will be paid on a Pro Rata basis, the Debtors cannot state with certainty what recoveries will be available to Holders of Allowed Claims in Voting Classes.

2. The Debtors May Not Be Able to Achieve Their Projected Financial Results

With respect to holders of Interests in the Reorganized Debtors, the Reorganized Debtors may not be able to achieve their projected financial results. The Financial Projections set forth in this Disclosure Statement represent the Debtors' management team's best estimate of the Reorganized Debtors' future financial performance, which is necessarily based on certain assumptions regarding the anticipated future performance of the Reorganized Debtors' operations, as well as the United States and world economies in general, and the particular industry segments in which the Reorganized Debtors will operate in particular. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. If the Reorganized Debtors do not achieve their projected financial results, (a) the value of the New Common Stock may be negatively affected, (b) the Reorganized Debtors may lack sufficient liquidity to continue operating as planned after the Effective Date and (c) the Reorganized Debtors may be unable to service their debt obligations as they come due. Moreover, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

3. The Reorganized Debtors' New Common Stock Will Not Be Publicly Traded

There can be no assurance that an active market for the New Common Stock will develop, nor can any assurance be given as to the prices at which such stock might be traded. The New Common Stock to be issued under the Plan will not be listed on or traded on any nationally recognized market or exchange. Further, the New Common Stock to be issued under the Plan has not been registered under the Securities Act, any state securities laws or the laws of any other jurisdiction. Absent such registration, the New Common Stock may be offered or sold only in transactions that are not subject to, or that are exempt from, the registration requirements of the Securities Act and other applicable securities laws. As explained in more detail in Article XII herein, most recipients of New Common Stock will be able to resell such securities without registration pursuant to the exemption provided by Rule 144 of the Securities Act, subject to any restrictions set forth in the certificate of incorporation and bylaws of Sabine.

4. Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Percentage Recovery on Unsecured Claims

The Claims estimates set forth in Article IV.D above, "What will I receive from the Debtors if the Plan is consummated?," are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumptions prove to be incorrect. Such differences may adversely affect the percentage of recovery.

5. Small Number of Holders or Voting Blocks May Control the Reorganized Debtors

Consummation of the Plan may result in a small number of holders owning a significant percentage of the shares of the New Common Stock. These holders may, among other things, exercise a controlling influence over the Reorganized Debtors and have the power to elect directors and approve significant transactions.

6. Impact of Interest Rates

Changes in interest rates may affect the fair market value of the Reorganized Debtors' assets and/or the distributions to Holders of Claims under the Plan.

7. Oil and Natural Gas Prices Are Volatile, and Low Oil or Natural Gas Prices Could Materially Adversely Affect the Debtors' Businesses, Results of Operations, and Financial Condition

The Reorganized Debtors' revenues, profitability and the value of the Debtors' properties substantially depend on prevailing oil and natural gas prices. Oil and natural gas are commodities, and therefore, their prices are subject to wide fluctuations in response to changes in supply and demand. Oil and natural gas prices historically have been volatile and are likely to continue to be volatile in the future, especially given current economic and geopolitical conditions. During the second half of 2014, prompt month NYMEX-WTI oil prices fell from in excess of $100 per Bbl to the mid $50s, the lowest price since 2009, when prices briefly fell below $35 per Bbl. Thus far in 2015, commodity prices have continued to be depressed, with NYMEX-Henry Hub natural gas prices ranging from approximately $2.55 per MMBtu to $3.30 per MMBtu and NYMEX-WTI oil prices ranging from approximately $38 per Bbl to $61 per Bbl through September 16, 2015. The Debtors expect such volatility to continue in the future. The prices for oil and natural gas are subject to a variety of factors beyond the Debtors' control, such as:

- domestic and global economic conditions impacting the supply and demand of oil and natural gas;
- uncertainty in capital and commodities markets;
- the price and quantity of foreign imports;
- domestic and global political conditions, particularly in oil and natural gas producing countries or regions, such as the Middle East, Russia, the North Sea, Africa and South America;
- the ability of members of the OPEC and other producing countries to agree upon and maintain oil prices and production levels;
- the level of consumer product demand, including in emerging markets such as China;
- weather conditions and force majeure events such as earthquakes and nuclear meltdowns;
- technological advances affecting energy consumption and the development of oil and natural gas reserves;
- domestic and foreign governmental regulations and taxes, including administrative or agency actions and policies;
- commodity processing, gathering and transportation cost and availability, and the availability of refining capacity;
- the price and availability of alternative fuels and energy;
- the strengthening and weakening of the United States dollar relative to other currencies; and
- variations between product prices at sales points and applicable index prices.

Oil and natural gas prices will affect the amount of cash flow available to the Reorganized Debtors to meet their financial commitments and fund capital expenditures. Oil and natural gas prices also impact the Reorganized Debtors' ability to borrow money and raise additional capital. For example, the amount the Reorganized Debtors will be able to borrow under the New RBL Credit Facility will be subject to periodic redeterminations based, in part, on current oil and natural gas prices and on changing expectations of future prices. Lower prices may also reduce the amount of oil and natural gas that the Reorganized Debtors can economically produce and have an adverse effect on the value of the Reorganized Debtors' reserves, which could result in material impairments to the Reorganized Debtors' oil and natural gas properties. As a result, if there is a further decline or sustained depression in commodity prices, the Reorganized Debtors may, among other things, be unable to maintain or increase their borrowing capacity, meet their debt obligations or other financial commitments, or obtain additional capital, all of

which could materially adversely affect the Reorganized Debtors' businesses, results of operations, and financial condition.

8. Drilling for and Producing Oil and Natural Gas Are High Risk Activities with Many Uncertainties That Could Materially Adversely Affect the Reorganized Debtors' Businesses, Results of Operations, and Financial Condition

The Reorganized Debtors' operations are subject to many risks, including the risk that the Reorganized Debtors will not discover commercially productive reservoirs. Drilling for oil and natural gas can be unprofitable, not only from dry holes, but from productive wells that do not produce sufficient revenue to return a profit. The Reorganized Debtors' decisions to purchase, explore, develop, or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, as well as production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. In addition, the results of the Reorganized Debtors' exploratory drilling in new or emerging areas are more uncertain than drilling results in areas that are developed and have established production, and the Reorganized Debtors' operations may involve the use of recently-developed drilling and completion techniques. The Reorganized Debtors' cost of drilling, completing, equipping, and operating wells is often uncertain before drilling commences. Declines in commodity prices and overruns in budgeted expenditures are common risks that can make a particular project uneconomic or less economic than forecasted. Further, many factors may curtail, delay, or cancel drilling and completion projects, including the following:

- delays or restrictions imposed by or resulting from compliance with regulatory and contractual requirements;
- delays in receiving governmental permits, orders, or approvals;
- differing pressure than anticipated or irregularities in geological formations;
- equipment failures or accidents;
- adverse weather conditions;
- surface access restrictions;
- loss of title or other title related issues;
- shortages or delays in the availability of, increases in the cost of, or increased competition for, drilling rigs and crews, fracture stimulation crews and equipment, pipe, chemicals, and supplies; and
- restrictions in access to or disposal of water resources used in drilling and completion operations.

Historically, there have been shortages of drilling and workover rigs, pipe, other oilfield equipment, and skilled personnel as demand for rigs, equipment, and personnel has increased along with the number of wells being drilled. These factors may, among other things, cause significant increases in costs for equipment, services, and/or personnel. Such shortages or increases in costs could significantly decrease the Debtors' profit margin, cash flow, and operating results, or restrict the Reorganized Debtors' operations in the future.

The occurrence of certain of these events, particularly equipment failures or accidents, could impact third parties, including persons living in proximity to the Reorganized Debtors' operations, the Reorganized Debtors' employees, and employees of the Reorganized Debtors' contractors, leading to possible injuries, death, or significant property damage. As a result, the Reorganized Debtors face the possibility of liabilities from these events that could materially adversely affect the Reorganized Debtors' businesses, results of operations, and financial condition.

9. The Reorganized Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases

In the future, the Reorganized Debtors may become party to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Reorganized Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Reorganized Debtors may become party to, nor the final resolution of such litigation. The impact of any such litigation on the Reorganized Debtors' businesses and financial stability, however, could be material.

10. Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all claims that arise prior to the Debtors' filing a petition for reorganization under the Bankruptcy Code or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Reorganized Debtors' financial condition and results of operations on a post-reorganization basis.

C. Disclosure Statement Disclaimer

1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

2. This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission

This Disclosure Statement was not filed with the United States Securities and Exchange Commission under the Securities Act or applicable state securities laws. Neither the United States Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. Reliance on Exemptions from Registration

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

5. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtors nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims, or any other parties-in-interest.

6. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or Reorganized Debtors, as the case may be, may seek to investigate, File, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

7. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of an Allowed Claim or Interest for or against the Plan does not constitute a waiver or release of any Claims, Causes of Action, including Causes of Action against any "insider" as that term is defined in section 101(31) of the Bankruptcy Code, or rights of the Debtors, or the Reorganized (or any party in interest, as the case may be) to object to that Holder's Allowed Claim, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims or Causes of Action, including Causes of Action against any "insider" as that term is defined in section 101(31) of the Bankruptcy Code, of the Debtors or their respective Estates are specifically or generally identified herein.

8. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

9. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

10. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, these chapter 11 cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors, the U.S. Trustee, and counsel to the Committee.

D. Liquidation Under Chapter 7

If no plan can be Confirmed, the Debtors' chapter 11 cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' Liquidation Analysis is described herein and attached hereto as **Exhibit E**.

X. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the holders of Claims in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth in the exhibits annexed to the Disclosure Statement Order, which is attached hereto as **Exhibit B**.

The Disclosure Statement Order is incorporated herein by reference and should be read in conjunction with this Disclosure Statement and in formulating a decision to vote to accept or reject the Plan.

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY.

PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER ATTACHED HERETO FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against a debtor are entitled to vote on a chapter 11 plan. The table in Article IV.C of this Disclosure Statement provides a summary of the status and voting rights of each Class (and, therefore, of each holder within such Class absent an objection to the holder's Claim) under the Plan. As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of Claims in Classes 3, 4, 5, 6, 7, and 8 (collectively, the "Voting Classes").

The holders of Claims in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are **not** soliciting votes from holders of Claims and Interests in Classes 1, 2, 9, 10, 11, 12, and 13. Additionally, the Disclosure Statement Order provides that certain holders of Claims in the Voting Classes, such as those holders whose Claims have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date

The Voting Record Date is [March 8], 2016, at 10:00 a.m., prevailing Eastern Time. The Voting Record Date is the date on which it will be determined which holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee can vote as the holder of a Claim.

C. Voting on the Plan

The Voting Deadline is [April 19], 2016, at 5:00 p.m., prevailing Eastern Time. In order to be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed and delivered (either by using the return envelope provided, by first class mail, overnight courier or personal delivery) so that they are **actually received** on or before the Voting Deadline by the Debtors' Notice and Claims Agent at the following address:

DELIVERY OF BALLOTS

If by Regular Mail, Hand-Delivery or Overnight Courier to:

Sabine Ballot Processing
c/o Prime Clerk LLC
830 Third Avenue, 3rd Floor
New York, NY 10022

If you received an envelope addressed to your nominee, please allow enough sufficient time when you return your ballot for your nominee to receive your vote and include it on its Master Ballot, which must be submitted to the Notice and Claims Agent before the Voting Deadline.

D. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (i) it is illegible or contains insufficient information to permit the identification of the holder of the Claim; (ii) it was transmitted by facsimile, email or other electronic means; (iii) it was cast by an entity that is not entitled to vote on the Plan; (iv) it was cast for a Claim listed in the Debtors' schedules of assets and liabilities as contingent, unliquidated or disputed for which the applicable bar date has passed and no proof of claim was timely filed; (v) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date (unless temporarily allowed in accordance with the Disclosure Statement Order); (vi) it was sent to the Debtors, the Debtors' agents/representatives (other than the Notice and Claims Agent), an indenture trustee or the Debtors' financial or legal advisors instead of the Notice and Claims Agent; (vii) it is unsigned; or (viii) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan. **Please refer to the Disclosure Statement Order for additional requirements with respect to voting to accept or reject the Plan.**

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE NOTICE AND CLAIMS AGENT TOLL-FREE AT (866) 692-6696. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE SOLICITATION ORDER WILL NOT BE COUNTED.

XI. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

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

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

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in the class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that the holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit E** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of Zolfo Cooper and Lazard. As reflected in the Liquidation Analysis, the Debtors believe that liquidation under chapter 7 of the Bankruptcy Code of the Debtors' businesses would result in a substantial decrease in the value to be realized by holders of Claims as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to holders of Claims than would a liquidation under chapter 7 of the Bankruptcy Code.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in the plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors have analyzed their ability to meet their respective obligations under the Plan.

Pursuant to the Plan, the Debtors' operating businesses and Assumed Liabilities will be transferred to the Purchaser in exchange for the Sale Proceeds, which shall be used, along with the other sources of funding for the Plan, to fund the orderly Wind Down of the Debtors' estates. As such, the Debtors believe that the confirmation of the Plan is not likely to be followed by a further financial reorganization and, therefore, is feasible.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.[9]

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[9] A class of claims is "impaired" within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not

(Continued…)

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in a dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually cast their ballots in favor of acceptance.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided*, that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any Plan Supplement document, including the right to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

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otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

XII. CERTAIN SECURITIES LAW MATTERS

A. New Equity

As discussed herein, the Reorganized Debtors will distribute New Interests to holders of Allowed Claims in Classes 3 and 4. The Debtors believe that the New Interests to be "securities," as defined in Section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and any applicable state securities laws ("Blue Sky Laws").

B. Issuance of New Interests Under the Plan; Resale of New Interests

1. Exemptions from Registration Requirements of the Securities Act and State Blue Sky Laws

Section 1145 of the Bankruptcy Code provides that the registration requirements of section 5 of the Securities Act (and any applicable state Blue Sky Laws) will not apply to the offer or sale of stock, options, warrants or other securities by a debtor if: (a) the offer or sale occurs under a plan of reorganization; (b) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor; and (c) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property. In reliance upon these exemptions, the offer and sale of the New Interests under the Plan will not be registered under the Securities Act or any applicable state Blue Sky Laws.

To the extent that the issuance of the New Interests is covered by section 1145 of the Bankruptcy Code, the New Interests may be resold without registration under the Securities Act or other federal securities laws, unless the holder is an "underwriter" (as discussed below) with respect to such securities, as that term is defined in section 2(a)(11) of the Securities Act and in the Bankruptcy Code. In addition, the New Interests generally may be able to be resold without registration under applicable state Blue Sky Laws pursuant to various exemptions provided by the respective Blue Sky Laws of those states; however, the availability of those exemptions for any such resale cannot be known unless individual state Blue Sky Laws are examined.

The Plan contemplates the application of section 1145 of the Bankruptcy Code to the New Interests, but at this time, the Debtors express no view as to whether the issuance of the New Interests is exempt from registration pursuant to section 1145 of the Bankruptcy Code and, in turn, whether any Person may freely resell New Interests without registration under the Securities Act, other federal securities laws, or applicable state Blue Sky Laws. Recipients of the New Interests are advised to consult with their own legal advisors as to the applicability of section 1145 of the Bankruptcy Code to the New Interests and the availability of any exemption from registration under the Securities Act, other federal securities laws, or applicable state Blue Sky Laws.

2. Resale of New Equity by Persons Deemed to be "Underwriters;" Definition of "Underwriter"

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such Claim or Interest; (b) offers to sell securities offered or sold under a plan for the holders of such securities; (c) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (d) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

The definition of an "issuer" for purposes of whether a Person is an underwriter under section 1145(b)(1)(D) of the Bankruptcy Code, by reference to section 2(a)(11) of the Securities Act, includes as "statutory underwriters" any person directly or indirectly controlling or controlled by an issuer, or any person under direct or indirect common control with an issuer, of securities. As a result, the reference to "issuer," as used in the definition of "underwriter" contained in section 2(a)(11) of the Securities Act, is intended to cover "controlling Persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or

indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer, director or significant shareholder of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "controlling Person" of such debtor or successor, particularly, with respect to officers and directors, if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "controlling Person" and, therefore, an underwriter.

Resales of the New Interests by Entities deemed to be "underwriters" (which definition includes "controlling Persons" of an issuer) are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act, state Blue Sky Laws, or other applicable law. Under certain circumstances, holders of New Interests who are deemed to be "underwriters" may be entitled to resell their New Interests pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met by the holder of the securities. The issuer of the New Interests, however, does not intend to file periodic reports under the Securities Act or seek to list the New Interests for trading on a national securities exchange. Consequently, "current public information" (as such term is defined in Rule 144) regarding the issuer of the New Interests is not expected to be available for purposes of sales of New Interests under Rule 144 by holders who are deemed to be "underwriters." Whether any particular Person would be deemed to be an "underwriter" (including whether such Person is a "controlling Person" of an issuer) with respect to the New Interests would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the New Interests and, in turn, whether any Person may freely resell New Interests. The Debtors recommend that potential recipients of New Interests consult their own counsel concerning their ability to freely trade such securities without compliance with the Securities Act, other federal securities laws, or applicable state Blue Sky Laws.

XIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain United States federal income tax consequences of the Plan to the Debtors and certain Holders of Allowed Claims. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), Treasury Regulations thereunder ("Treasury Regulations") and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtors do not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Allowed Claims that are not United States persons (as such term is defined in the IRC) or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, employees, persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction, and regulated investment companies). Moreover, this summary does not purport to cover all aspects of United States federal income taxation that may apply to the Debtors, the Reorganized Debtors, or Holders of Allowed Claims or Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local, or non-U.S. tax law.

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

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. Certain United States Federal Income Tax Consequences to the Debtors and the Reorganized Debtors

1. Cancellation of Debt Income

In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (x) the amount of Cash paid, and (y) the fair market value (or, in the case of the New Second Lien Credit Facility and Exit Revolver Facility, the issue price (defined below)) of any new consideration (including the New Common Stock and Warrants) given in satisfaction of such indebtedness at the time of the exchange.

Under section 108 of the IRC, a debtor is not required to include COD Income in gross income if the debtor is under the jurisdiction of a court in a case under title 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to the rule discussed in the preceding sentence. In general, tax attributes will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) general business credit carryovers; (c) minimum tax credit carryovers; (d) capital loss carryovers; (e) tax basis in assets; (f) passive activity loss and credit carryovers; and (g) foreign tax credit carryovers. Alternatively, a debtor

with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD Income over the amount of available tax attributes is not subject to U.S. federal income tax and has no other U.S. federal income tax impact.

The Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations, such as the Debtors. Under these regulations, the tax attributes of each member of an affiliated group of corporations that is excluding COD Income is first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD Income exceeds its tax attributes, the excess COD Income is applied to reduce certain remaining consolidated tax attributes of the affiliated group. Because the Plan provides that Holders of certain Allowed Claims will receive Cash, Warrants, and/or New Common Stock, the amount of COD Income, and accordingly the amount of tax attributes required to be reduced, will depend in part on the fair market value of the New Common Stock and the Warrants exchanged therefor. This value cannot be known with certainty at this time. However, as a result of Confirmation, the Debtors expect that there will be some COD Income and, accordingly, reductions in NOLs, NOL carryforwards, and other tax attributes of the Debtors.

2. Limitation of NOL Carry Forwards and Other Tax Attributes

The Debtors have substantial NOLs and unrealized built in losses which if available pursuant to the standards set forth below, would be available to reduce the Reorganized Debtors' taxable income after the Effective Date.

The Debtors expect that the Reorganized Debtors will succeed to the tax attributes of the Debtors remaining after any reduction attributable to COD Income or to any gain on a disposition of assets, including any remaining NOL and other loss or credit carryovers.

Following the Effective Date, any remaining NOL carryover, capital loss carryover, tax credit carryovers, and certain other tax attributes (such as losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change) of the Reorganized Debtors allocable to periods before the Effective Date (collectively, the "Pre-Change Losses") may be subject to limitation or elimination under sections 382 and 383 of the IRC as a result of an "ownership change" of the Debtors by reason of the transactions pursuant to the Plan.

Under sections 382 and 383 of the IRC, if a corporation undergoes an "ownership change," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. The rules of section 382 of the IRC are complicated, but as a general matter, the issuance of the New Common Stock pursuant to the Plan will result in an "ownership change" of the Debtors for these purposes, and the Reorganized Debtors' use of the Debtors' Pre-Change Losses will be subject to limitation unless an exception to the general rules of section 382 of the IRC applies.

For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then generally built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (a) $10,000,000 or (b) 15 percent of the fair market value of its assets (with certain adjustments) before the ownership change. The Debtors have not determined whether they will be in a net unrealized built-in loss or net realized built-in gain position or be deemed to have a net unrealized built-in loss/gain of zero on the Effective Date.

3. General Section 382 Annual Limitations

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (a) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments) multiplied by (b) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the 3-calendar-month

period ending with the calendar month in which the "ownership change" occurs, currently at 2.65 percent). Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year.

The issuance under the Plan of the New Common Stock, along with the cancellation of existing Interests through the Plan, is expected to cause an ownership change with respect to the Debtors on the Effective Date. As a result, unless an exception applies, section 382 of the IRC will apply to limit the Reorganized Debtors' use after the Effective Date of any Pre-Change Losses. This limitation is independent of, and in addition to, the reduction of tax attributes described in the preceding section resulting from the exclusion of COD Income and the recognition of gain on the disposition of assets.

4. Special Bankruptcy Exceptions

An exception to the foregoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their claims, at least 50 percent of the vote and value of the stock of the reorganized debtor (or a controlling corporation if also in chapter 11) pursuant to a confirmed chapter 11 plan (the "382(l)(5) Exception"). Under the 382(l)(5) Exception, a debtor's Pre-Change Losses are not limited on an annual basis, but, instead, NOL carryforwards will be reduced by the amount of any interest deductions claimed during the three taxable years preceding the effective date of the plan of reorganization, and during the part of the taxable year prior to and including the effective date of the plan of reorganization, in respect of all debt converted into stock in the reorganization.

If the 382(l)(5) Exception applies and the Reorganized Debtors undergo another "ownership change" within two years after the Effective Date, then the Debtors' ability to use Pre-Change Losses after that second "ownership change" would be eliminated prospectively.

Where the 382(l)(5) Exception is not applicable to a corporation in bankruptcy (either because the debtor does not qualify for it or the debtor otherwise elects not to utilize the 382(l)(5) Exception), a second special rule will generally apply (the "382(l)(6) Exception"). Under the 382(l)(6) Exception, the limitation will be calculated by reference to the lesser of the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception in that under it the debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and the debtor may undergo another change of ownership within two years without triggering the elimination of its Pre-Change Losses.

It may ultimately be determined that the Reorganized Debtors will not qualify for the 382(l)(5) Exception. Alternatively, the Reorganized Debtors may decide to elect out of the 382(l)(5) Exception, particularly if it appears likely that another ownership change will occur within two years after the Effective Date. In either case, the Debtors expect that their use of the Pre- Change Losses after the Effective Date would be subject to limitation based on the rules discussed above, but taking into account the 382(l)(6) Exception. Regardless of whether the Reorganized Debtors take advantage of the 382(l)(6) Exception or the 382(l)(5) Exception, the Reorganized Debtors' use of their Pre-Change Losses after the Effective Date may be adversely affected if another "ownership change" within the meaning of Section 382 of the IRC were to occur after the Effective Date.

5. Alternative Minimum Tax

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20 percent rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for alternative tax NOLs generated in certain years, which can offset 100 percent of a corporation's AMTI, only 90 percent of a corporation's AMTI may be offset by available alternative tax NOL carryforwards. The effect of this rule could cause the Reorganized Debtors (or the Debtors, with respect to any gains triggered pursuant to the Plan) to owe federal and state income tax (at the reduced AMT rate) on taxable income in future years even if NOL carryforwards would otherwise be available to fully offset that taxable income. Additionally, under

section 56(g)(4)(G) of the IRC, an ownership change (as discussed above) that occurs with respect to a corporation having a net unrealized built-in loss in its assets will cause, for AMT purposes, the adjusted basis of each asset of the corporation immediately after the ownership change to be equal to its proportionate share (determined on the basis of respective fair market values) of the fair market value of the assets of the corporation, as determined under section 382(h) of the IRC, immediately before the ownership change, the effect of which may increase the amount of AMT owed by the Reorganized Debtors.

B. Certain United States Federal Income Tax Consequences to Holders of Claims

1. Consequences to Holders of Class 3 Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, each Holder of an Allowed Class 3 RBL Secured Claim will receive its pro rata share of (a) loans (which shall be zero on the Effective Date) and commitments under the Exit Revolver Credit Facility unless the Exit Revolver Credit Facility is financed by one or more third-party lenders, (b) loans under the New Second Lien Credit Agreement, (c) the RBL Equity Pool, and (d) all Cash as of the Effective Date. Whether and to what extent the Holder of a RBL Secured Claim recognizes gain or loss as a result of such exchange depends, in part, on whether the debt underlying the RBL Secured Claim surrendered and the debt constituting the Exit Revolver Credit Facility and the New Second Lien Credit Facility are treated as "securities" for purposes of the reorganization provisions of the IRC.

In general, the exchange will be treated as at least in part a tax-free recapitalization as long as the RBL Credit Facility is treated as a "security," and will be treated as a fully tax-free recapitalization if each of the RBL Credit Facility, the Exit Revolver Credit Facility, and the New Second Lien Credit Facility are treated as securities. As discussed further below, the Debtor expects to take the position that each of the RBL Credit Facility, the Exit Revolver Credit Facility, and the New Second Lien Credit Facility are treated as "securities" for purposes of the reorganization provisions of the IRC. However, there can be no assurance that the IRS would agree with this conclusion. Assuming such treatment applies, each Holder of an Allowed Class 3 RBL Secured Claim will not recognize gain or loss on the exchange (subject to the discussion of "Accrued Interest" below). Its adjusted tax basis in the RBL claim will generally be apportioned between the Exit Revolver Credit Facility, New Second Lien Credit Facility and New Common Stock received therefor on the basis of the relative fair market values of such interests, and its holding period for each of the Exit Revolver Credit Facility, New Second Lien Credit Facility, and New Common Stock received will include such Holder's holding period for the RBL Secured Claim surrendered therefor.

a. Treatment of a Debt Instrument as a Security

Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued. This discussion assumes that the RBL Credit Facility, the Exit Revolver Credit Facility and the New Second Lien Credit Facility are all treated as "securities" under the applicable guidance, however, if the RBL Credit Facility, the Exit Revolver Credit Facility, or the New Second Lien Credit Facility were not treated as a security, the discussion below applicable to fully taxable exchanges would apply to the exchange of the RBL Secured Claims for an interest in the Exit Revolver Credit Facility or the New Second Lien Credit Facility.

b. Consequences of a Refinance

The Holders of Allowed Class 3 RBL Secured Claims may receive payment in full of the applicable portion of such Holder's RBL Secured Claim in Cash if the RBL Credit Facility or the Exit Revolver Credit Facility is refinanced through a new credit facility. A Holder who receives Cash for its Claim pursuant to the Plan generally will recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (i) the amount of Cash received in exchange for its Claim and (ii) the holder's adjusted tax basis in its

Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Claim in such holder's hands, whether the Claim constitutes a capital asset in the hands of the holder, whether the Claim was purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Claim. See the discussions of "Accrued Interest" and "Market Discount" below.

2. Consequences to Holders of Classes 4 through 7 Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, each Holder of (a) an Allowed Class 4 RBL Deficiency Claim, (b) an Allowed Class 5 Second Lien Claim, (c) an Allowed Class 6 Senior Notes Claim or (d) an Allowed Class 7 General Unsecured Claim (clauses (1) through (4), collectively, the "Unsecured Claims") will receive its pro rata share of 7 percent of the of New Common Stock and the Warrants determined by the amount of each Holder's Unsecured Claim.

In general, the Exchange will be treated as a tax-free recapitalization as long as the Unsecured Claims surrendered in such exchange is treated as a "security" for purposes of the reorganization provisions of the IRC (see above, under the discussion applicable to Holders of Class 3 Claims, for a discussion of whether a creditor interest constitutes a security for these purposes). The Debtors believe, and this discussion assumes, that each of the (a) RBL Deficiency Claims, (b) Second Lien Loan Claims, and (c) Senior Notes Claims should constitute securities, and that the General Unsecured Claims will not constitute securities. Additionally, the Debtors believe, and this discussion assumes, that the Warrants constitute rights to acquire stock in the Reorganized Debtor that should be treated as securities under the applicable guidance. However, there can be no assurance that the IRS would agree with these conclusions.

For Holders of RBL Deficiency Claims, Senior Notes Claims, and Second Lien Claims, the Exchange should be treated as a tax-free recapitalization. Assuming such treatment applies, each Holder of such a Claim will not recognize gain or loss on the exchange (subject to the discussion of "Accrued Interest" below). Its adjusted tax basis in the Claim surrendered will generally be apportioned between the New Common Stock and Warrants received therefor on the basis of the relative fair market values of such interests, and its holding period for each of the items received will include such Holder's holding period for the Claim surrendered therefor.

For Holders of General Unsecured Claims, the Exchange will generally be treated as a fully taxable exchange in which such Holders recognize gain or loss equal to the difference between the sum of the fair market value of the New Common Stock and Warrants received and their tax basis in the General Unsecured Claim surrendered. The character of such gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. See the discussions of "Accrued Interest" and "Market Discount" below, and the discussion on limitations with respect to capital losses below. A Holder's tax basis in each of its New Common Stock and Warrants received should generally each equal the fair market value of such property. A Holder's holding period for the New Common Stock and Warrants received will each begin on the day following the Effective Date.

While not free from doubt, the exercise of a Warrant by the Holder thereof should not give rise to taxable gain or loss. The holding period of the New Common Stock acquired upon exercise of the Warrants should begin on the date of such exercise, and should not include the period during which such Warrants were held. The Holder's tax basis in the New Common Stock acquired upon exercise should include the Holder's tax basis in the Warrants increased by the amount paid upon exercise. In the event that a Holder sells its Warrants in a taxable transaction, the Holder will recognize gain or loss upon such sale in an amount equal to the difference between the amount realized upon such sale and the Holder's tax basis in the Warrants. Such gain or loss shall be treated as gain or loss from the sale or exchange of property which has the same character as the New Common Stock to which the Warrants relate would have had in the hands of the Holder if such stock had been acquired by the Holder upon exercise. If such sale gives rise to capital gain or loss to the Holder, such gain or loss shall be long-term or short-term in character based upon the length of time such Holder has held his or her Warrants.

If Warrants held by a Holder expire unexercised, such Warrants should be deemed to have been sold or exchanged on the day of expiration. Such expiration should therefore in most cases give rise to a loss, unless such

Holder shall have previously claimed a deduction for the worthlessness of such Warrants in a previous taxable period.

The rules applicable to the treatment of warrants are complex, particularly in the context of warrants acquired in a complex transaction such as this one. Holders of Warrants are urged to consult their tax advisors to review and determine the tax consequences associated with the receipt, ownership and disposition of such Warrants.

3. Consequences to Holders of Class 5 Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, each Holder of an Allowed Class 5 Convenience Claim will receive Cash in an amount equal to its pro rata share of $[__] less the costs of administering such distributions. A Holder who receives Cash for its Claim pursuant to the Plan generally will recognize income, gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (a) the amount of Cash received in exchange for its Claim and (b) the Holder's adjusted tax basis in its Claim. The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. See the discussions of "Accrued Interest" and "Market Discount" below.

4. Accrued but Untaxed Interest

A portion of the consideration received by Holders of Claims may be attributable to accrued interest on such Claims. Such amount should be taxable to that Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for United States federal income tax purposes. Conversely, Holders of Claims may be able to recognize a deductible loss to the extent any accrued interest on the Claims was previously included in the Holder's gross income but was not paid in full by the Debtors.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest on Allowed Claims, the extent to which such consideration will be attributable to accrued interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan is binding for United States federal income tax purposes, while certain Treasury Regulations generally treat payments as allocated first to any accrued but unpaid interest and then as a payment of principal. The Internal Revenue Service could take the position that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR CLAIMS AND THE FEDERAL INCOME TAX TREATMENT OF ACCRUED INTEREST.

5. Original Issue Discount on the Exit Revolver Credit Facility and the New Second Lien Credit Facility

A Holder of a pro rata share of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility will be required to include stated interest on such shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility in income in accordance with the Holder's regular method of accounting to the extent such stated interest is "qualified stated interest." Stated interest is "qualified stated interest" if it is payable in cash at least annually. Where stated interest payable on the pro rata shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility are not payable at least annually (the "deferred" interest), such portion of the stated interest will be included in the determination of the OID on such pro rata shares of the loans (as set forth below).

A debt instrument generally has OID if its "stated redemption price at maturity" exceeds its "issue price" by more than a de minimis amount. The issue price of the Exit Revolver Credit Facility and the New Second Lien Credit Facility will depend on whether a substantial amount of either the RBL Credit Facility or the Exit Revolver

Credit Facility and/or the New Second Lien Credit Facility for which it is exchanged is considered to be "traded on an established market." In general, a debt instrument will be treated as traded on an established market if, at any time during the 31-day period ending 15 days after the issue date, (a) a "sales price" for an executed purchase of the debt instrument appears on a medium that is made available to issuers of debt instruments, persons that regularly purchase or sell debt instruments, or persons that broker purchases or sales of debt instruments; (b) a "firm" price quote for the debt instrument is available from at least one broker, dealer or pricing service for property and the quoted price is substantially the same as the price for which the person receiving the quoted price could purchase or sell the property; or (c) there are one or more "indicative" quotes available from at least one broker, dealer or pricing service for property.

If the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility are *not* traded on an established market and the RBL Credit Facilities *are* traded on an established market at the time of the exchange, the issue price of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility will be determined applying the "investment unit" rules and treating the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility as part of an investment unit (including the New Common Stock) issued in exchange for the existing notes. Generally, the issue price of an investment unit is determined by applying the issue price rules applicable to debt instruments, and the debt instrument's issue price is its allocable portion of the issue price of the investment unit, based on the relative fair market value of the debt instrument and the other property right (*i.e.*, the New Common Stock). Thus, if the RBL Credit Facility claims are traded on an established market, the issue price of the investment unit would be equal to the fair market value of the RBL Credit Facility on the date the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility are issued, and the issue price of each of the Exit Revolver Credit Facility and New Second Lien Credit Facility will equal the allocable portion of such investment unit's issue price determined by multiplying the investment unit's issue price by the fraction obtained by dividing the fair market value of each of the Exit Revolver Credit Facility and New Second Lien Credit Facility by the sum of the fair market values of the Exit Revolver Credit Facility, the New Second Lien Credit Facility, and the New Common Stock payable to holder of the RBL Credit Facility. If neither the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility nor the RBL Credit Facility are traded on an established market at the time of the exchange, the issue price of each of the Exit Revolver Credit Facility and the New Second Lien Credit Facility will generally equal its stated principal amount.

A Holder of pro rata shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility that is issued with OID generally will be required to include any OID in income over the term of such loans in accordance with a constant yield-to-maturity method, regardless of whether the Holder is a cash or accrual method taxpayer, and regardless of whether and when the Holder receives cash payments of interest on such shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility (other than cash attributable to qualified stated interest). Accordingly, a Holder could be treated as receiving income in advance of a corresponding receipt of cash. Any OID that a Holder includes in income will increase the tax basis of the Holder in the pro rata shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility. A Holder of pro rata shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility will not be separately taxable on any cash payments that have already been taxed under the OID rules, but will reduce its tax basis in the pro rata shares of such loans by the amount of such payments.

The tax consequences of OID are highly uncertain. Holders of pro rata shares of the Exit Revolver Credit Facility and/or the New Second Lien Credit Facility should consult their tax advisors regarding the tax consequences of any OID on such loans.

6. Market Discount

Under the "market discount" provisions of the IRC, some or all of any gain realized by a holder of a Claim who exchanges the Claim for an amount on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to

0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition of a Claim that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claim was considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the Allowed Claims that were acquired with market discount are exchanged in a nonrecognition transaction for other property (for example, in a recapitalization), any market discount that accrued on the Allowed Claims (*i.e.*, up to the time of the exchange) but was not recognized by the Holder is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued, but not recognized, market discount.

7. Limitation on Use of Capital Losses

A Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (a) $3,000 annually ($1,500 for married individuals filing separate returns) or (b) the excess of the capital losses over the capital gains. A non-corporate Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate Holders, capital losses may only be used to offset capital gains. A corporate Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

8. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim may be subject to backup withholding (currently at a rate of 28 percent) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; *provided* that the required information is timely provided to the Internal Revenue Service.

The Debtors will withhold all amounts required by law to be withheld from payments of interest. The Debtors will comply with all applicable reporting requirements of the Internal Revenue Service.

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XIV. RECOMMENDATION

In the opinion of Sabine and each of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: January 26, 2016

Respectfully submitted,

Sabine Oil & Gas Corporation,
(on behalf of itself and each of the Debtors)

By: */s/ Michael Magilton*
Name: Michael Magilton
Title: Senior Vice President and Chief Financial Officer

Prepared by:

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Counsel to the Debtors and Debtors in Possession

Exhibit A

Joint Plan of Reorganization

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
SABINE OIL & GAS CORPORATION, *et al.*,[1]	)	Case No. 15-11835 (SCC)
Debtors.	)	(Jointly Administered)

JOINT CHAPTER 11 PLAN OF REORGANIZATION OF SABINE OIL & GAS CORPORATION AND ITS DEBTOR AFFILIATES

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THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT PLAN HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Sabine Oil & Gas Corporation (4900); Giant Gas Gathering LLC (3438); Sabine Bear Paw Basin LLC (2656); Sabine East Texas Basin LLC (8931); Sabine Mid-Continent Gathering LLC (6085); Sabine Mid-Continent LLC (6939); Sabine Oil & Gas Finance Corporation (2567); Sabine South Texas Gathering LLC (1749); Sabine South Texas LLC (5616); and Sabine Williston Basin LLC (4440). The location of Debtor Sabine Oil & Gas Corporation's corporate headquarters and the Debtors' service address is: 1415 Louisiana, Suite 1600, Houston, Texas 77002.

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INTRODUCTION

Sabine Oil & Gas Corporation ("Sabine") and its debtor affiliates, as debtors and debtors in possession (each, a "Debtor" and, collectively, the "Debtors") propose this joint plan of reorganization (together with the documents comprising the Plan Supplement, the "Plan") for the resolution of outstanding Claims against, and Interests in, the Debtors. Capitalized terms used in the Plan and not otherwise defined shall have the meanings ascribed to such terms in Article I.A hereof. Holders of Claims and Interests may refer to the Disclosure Statement for a discussion of the Debtors' history, businesses, assets, results of operations, historical financial information, and projections of future operations, as well as a summary and description of the Plan. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code.

ALL HOLDERS OF CLAIMS AND INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

As used in the Plan, capitalized terms have the meanings set forth below.

1. "*2017 Senior Notes*" means the 9.75 percent senior notes due 2017, issued in the original principal amount of $200,000,000 pursuant to the 2017 Senior Notes Indenture (as amended, modified, waived, and/or supplemented from time to time).

2. "*2019 Senior Notes*" means the 7.25 percent senior notes due 2019, issued in the original principal amount of $750,000,000 pursuant to the 2019 Senior Notes Indenture (as amended, modified, waived, and/or supplemented from time to time).

3. "*2020 Senior Notes*" means the 7.50 percent senior notes due 2020, issued in the original principal amount of $500,000,000 pursuant to the 2020 Senior Notes Indenture (as amended, modified, waived, and/or supplemented from time to time).

4. "*2017 Senior Notes Claims*" means all Claims against any Debtor arising from or based upon the 2017 Senior Notes or the 2017 Senior Notes Indenture, including accrued unpaid prepetition interest, costs, fees, and indemnities).

5. "*2019 Senior Notes Claims*" means all Claims against any Debtor arising from or based upon the 2019 Senior Notes or the 2019 Senior Notes Indenture, including accrued unpaid prepetition interest, costs, fees, and indemnities).

6. "*2020 Senior Notes Claims*" means all Claims against any Debtor arising from or based upon the 2020 Senior Notes or the 2020 Senior Notes Indenture, including accrued unpaid prepetition interest, costs, fees, and indemnities).

7. "*2017 Senior Notes Indenture*" means that certain Indenture, dated as of February 12, 2010, between Sabine and the 2017 Senior Notes Indenture Trustee (together with any successors or assigns and other parties from time to time thereto), providing for the issuance of the 2017 Senior Notes (as amended, modified, waived, and/or supplemented from time to time).

8. "*2019 Senior Notes Indenture*" means that certain Indenture, dated as of June 6, 2007, between Sabine and the 2019 Senior Notes Indenture Trustee (together with any successors or assigns and other parties from

time to time thereto), providing for the issuance of the 2019 Senior Notes (as amended, modified, waived, and/or supplemented from time to time).

9. "*2020 Senior Notes Indenture*" means that certain Indenture, dated as of September 17, 2012, between Sabine and the 2020 Senior Notes Indenture Trustee (together with any successors or assigns and other parties from time to time thereto), providing for the issuance of the 2020 Senior Notes (as amended, modified, waived, and/or supplemented from time to time).

10. "*2017 Senior Notes Indenture Trustee*" means The Bank of New York Mellon Trust Company, N.A., (together with any successors or assigns), solely in its capacity as indenture trustee under the 2017 Senior Notes Indenture.

11. "*2019 Senior Notes Indenture Trustee*" means U.S. Bank National Association, (together with any successors or assigns), solely in its capacity as indenture trustee under the 2019 Senior Notes Indenture.

12. "*2020 Senior Notes Indenture Trustee*" means U.S. Bank National Association, (together with any successors or assigns), solely in its capacity as indenture trustee under the 2020 Senior Notes Indenture.

13. "*Accrued Professional Compensation*" means, at any given time, all accrued, contingent, and/or unpaid fees and expenses (including success fees) for legal, financial advisory, accounting, and other services and reimbursement of expenses that are awardable and allowable under sections 328, 330, or 331 of the Bankruptcy Code or otherwise rendered allowable before the Effective Date by any retained Estate Professional in the Chapter 11 Cases, (a) all to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been Filed for any such amount) and (b) after applying any retainer that has been provided to such Professional. To the extent that the Court or any higher court of competent jurisdiction denies or reduces by a Final Order any amount of a Professional's fees or expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation.

14. "*Administrative Claim*" means a Claim for costs and expenses of administration of the Debtors' Estates pursuant to sections 503(b), 507(a)(2), 507(b), or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors; (b) Allowed Accrued Professional Compensation Claims; and (c) any Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code.

15. "*Administrative Claims Bar Date*" means the first Business Day that is 60 days following the Effective Date, except as specifically set forth in the Plan or a Final Order.

16. "*Affiliate*" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

17. "*Allowed*" means with respect to any Claim, except as otherwise provided herein: (a) a Claim that is evidenced by a Proof of Claim Filed by the Claims Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or a Final Order of the Court a Proof of Claim is not or shall not be required to be Filed); (b) a Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim, as applicable, has been timely Filed; or (c) a Claim Allowed pursuant to the Plan or a Final Order of the Court; *provided* that with respect to a Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that with respect to such Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Court, or such an objection is so interposed and the Claim, as applicable, shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Court. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor or Reorganized Debtor, as applicable. For the avoidance of doubt, a Proof of Claim Filed after the Claims Bar Date

shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-filed Claim. "Allow" and "Allowing" shall have correlative meanings.

18. "*Adversary Proceeding*" means that proceeding before the Court numbered 15-01126, as initiated by the *Complaint Against Wilmington Trust, N.A.* [Adversary Proceeding Case No. 15-01126, Docket No. 2].

19. "*Avoidance Actions*" means any and all actual or potential Claims and Causes of Action to avoid a transfer of property or an obligation incurred by the Debtors arising under chapter 5 of the Bankruptcy Code, including sections 544, 545, 547, 548, 549, 550, 551, and 553(b) of the Bankruptcy Code; *provided*, *however*, that an Avoidance Action is not a Settled Cause of Action or a Settled Claim.

20. "*Ballot*" means the ballots accompanying the Disclosure Statement upon which certain Holders of Impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process, and which must be actually received on or before the Voting Deadline.

21. "*Bankruptcy Code*" means title 11 of the United States Code, as amended and in effect during the pendency of the Chapter 11 Cases.

22. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Court.

23. "*Business Day*" means any day other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

24. "*Cash*" means the legal tender of the United States of America or the equivalent thereof.

25. "*Cash Collateral Order*" means the interim order or the Final Order, as applicable, entered by the Court on July 17, 2015, and September 16, 2015, respectively, as subsequently extended by notice on December 28, 2015 [Docket No. 658], authorizing the Debtors to use cash collateral and granting adequate protection to the RBL Lenders and Second Lien Lenders.

26. "*Causes of Action*" means any action, claim, cause of action, controversy, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license, and franchise of any kind or character whatsoever, whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law, or in equity or pursuant to any other theory of law. For the avoidance of doubt, "Cause of Action" includes: (a) any right of setoff, counterclaim, or recoupment and any claim for breach of contract or for breach of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any Claim pursuant to section 362 or chapter 5 of the Bankruptcy Code (including Avoidance Actions); (d) any claim or defense including fraud, mistake, duress, and usury; and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state or foreign law fraudulent transfer or similar claim.

27. "*Chapter 11 Cases*" means (a) when used with reference to a particular Debtor, the case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Court and (b) when used with reference to all of the Debtors, the procedurally consolidated and jointly administered chapter 11 cases pending for the Debtors in the Court.

28. "*Claim*" shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

29. "*Claims Bar Date*" means the date by which a Proof of Claim must be or must have been Filed, as established by (a) the Claims Bar Date Order, or (b) any other Final Order of the Court, as applicable.

30. "*Claims Bar Date Order*" means that certain order entered entered by the Court on November 10, 2015 [Docket No. 502], establishing the Claims Bar Dates.

31. "*Claims Objection Deadline*" means the deadline for objecting to a Claim, which shall be on the date that is the later of (a) 180 days after the Effective Date and (b) such other period of limitation as may be specifically fixed by the Debtors or the Reorganized Debtors, as applicable, or by an order of the Court for objecting to such Claims.

32. "*Claims Register*" means the official register of Claims maintained by the Notice and Claims Agent.

33. "*Class*" means a category of Holders of Claims or Interests as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.

34. "*Combination*" means the combination of Forest Oil and Old Sabine first announced in May 2014 and consummated in December 2014.

35. "*Committee*" means the official committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code on July 28, 2015 [Docket No. 90], as subsequently reconstituted on November 10, 2015 [Docket No. 499].

36. "*Committee Members*" means each of the following, in each case solely in its capacity as a member of the Committee: (a) The Bank of New York Mellon Trust Company, N.A.; (b) Aurelius Capital Partners, LP; (c) AQR Diversified Arbitrage Fund; (d) Asset Risk Management, LLC; and (e) Wilmington Savings Fund Society, FSB.

37. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases.

38. "*Confirmation Date*" means the date upon which the Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

39. "*Confirmation Hearing*" means the hearing held by the Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

40. "*Confirmation Order*" means a Final Order of the Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

41. "*Consummation*" means the occurrence of the Effective Date.

42. "*Convenience Claims*" means all Claims, against any Debtor, other than Unsecured Debt Claims, that would otherwise be an Allowed General Unsecured Claim in an Allowed amount that is greater than $0 but less than or equal to $[__]; *provided* that a Holder of a General Unsecured Claim in an Allowed amount greater than $[__], other than an Unsecured Debt Claim, may elect to have such Claim irrevocably reduced to $[__] and treated as a Convenience Claim for purposes of the Plan in full and final satisfaction of such Claim.

43. "*Court*" means the United States Bankruptcy Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases, and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157 and/or the General Order of the District Court pursuant to section 151 of title 28 of the United States Code, the United States District Court for the Southern District of New York.

44. "*Cure Claim*" means a monetary Claim based upon the Debtors' defaults under any Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.

45. "*Cure Notice*" means a notice of a proposed amount to be paid on account of a Cure Claim in connection with an Executory Contract or Unexpired Lease to be assumed under the Plan pursuant to section 365 of the Bankruptcy Code, which notice shall include (a) procedures for objecting to proposed assumptions of Executory Contracts and Unexpired Leases, (b) Cure Claims to be paid in connection therewith and (c) procedures for resolution by the Court of any related disputes.

46. "*D&O Liability Insurance Policies*" means all insurance policies (including any "tail policy") of any of the Debtors for current or former directors', managers', and officers' liability.

47. "*Debtors*" means, collectively: Sabine Oil & Gas Corporation, Giant Gathering LLC; Sabine Bear Paw Basin LLC, Sabine East Texas Basin LLC, Sabine Mid-Continent Gathering LLC, Sabine Mid-Continent LLC; Sabine Oil & Gas Finance Corp., Sabine Oil & Gas Finance Corp., Sabine South Texas Gathering LLC, Sabine South Texas LLC, and Sabine Williston Basin LLC, each as a debtor and debtor-in-possession in these Chapter 11 Cases.

48. "*Debtor Subsidiaries*" means, collectively, each Debtor other than Sabine.

49. "*Disallowed*" means, with respect to any Claim, a Claim or any portion thereof that (a) has been disallowed by a Final Order, (b) is Scheduled as zero or as contingent, disputed, or unliquidated and as to which no Proof of Claim or request for payment of an Administrative Claim has been timely filed or deemed timely filed with the Court pursuant to either the Bankruptcy Code or any Final Order of the Court or otherwise deemed timely filed under applicable law or this Plan, (c) is not Scheduled and as to which no Proof of Claim or request for payment of an Administrative Claim has been timely filed or deemed timely filed with the Court pursuant to either the Bankruptcy Code or any Final Order of the Court or otherwise deemed timely filed under applicable law or this Plan, (d) has been withdrawn by agreement of the applicable Debtor and the Holder thereof, or (e) has been withdrawn by the Holder thereof.

50. "*Disclosure Statement*" means the *Disclosure Statement for the Debtors' Joint Chapter 11 Plan of Reorganization*, dated as of January 26, 2016, as may be amended from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

51. "*Disputed*" means a Claim that is in dispute or is otherwise not yet Allowed.

52. "*Disputed Claim Amount*" means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim: (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Claim, (ii) an amount agreed to by the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim, or (iii) if a request for estimation is Filed by any party, the amount at which such Disputed Claim is estimated by the Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim: (i) an amount agreed to by the Debtors or the Reorganized Debtors, as applicable, and the Holder of such Disputed Claim, (ii) the amount estimated by the Court with respect to such Disputed Claim, (iii) the amount estimated in good faith by the Debtors or Reorganized Debtors, as applicable, with respect to the Disputed Claim; or (c) zero, if the Disputed Claim was listed on the Schedules as unliquidated, contingent, or disputed and no Proof of Claim was Filed, or deemed to have been Filed, by the applicable Claims Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Court.

53. "*Distribution Record Date*" means the date for determining which Holders of Claims or Interests are eligible to receive distributions hereunder, which date shall be (a) the Effective Date or (b) such other date as designated in a Court Order; *provided, however*, that the Distribution Record Date shall not apply to publicly held securities.

54. "*DTC*" means Depository Trust Company.

55. "*Effective Date*" means, with respect to the Plan, the date that is a Business Day selected by the Debtors on which: (a) no stay of the Confirmation Order is in effect; (b) all conditions precedent specified in Article IX.A have been satisfied or waived (in accordance with Article IX.B); and (c) the Plan is declared effective.

56. "*Entity*" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

57. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

58. "*Exculpation*" means the exculpation set forth in Article VIII of the Plan.

59. "*Exculpated Claim*" means any Cause of Action or any Claim related to any act or omission derived from, based upon, related to, or arising from the Debtors' in or out-of-court restructuring efforts, the Chapter 11 Cases, the marketing process, formulation, preparation, dissemination, negotiation, or Filing of the Disclosure Statement, the Plan (including any term sheets and supplements related thereto), or any contract, instrument, release or other agreement or document (including, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with any of the foregoing, including without limitation: (a) the issuance of the New Common Stock and Warrants, (b) the execution, delivery, and performance of the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents, the New Organizational Documents, the Management Incentive Plan, the Stockholders Agreement, or the Warrant Agreement, and (c) the distribution of property under the Plan or any other agreement under the Plan, except for Claims or Causes of Action related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence; *provided* that the Exculpated Parties shall be entitled, in all respects, to reasonably rely upon the advice of counsel with respect to the foregoing; *provided*, *further*, that the foregoing shall not be deemed to release, affect, or limit any of the rights and obligations of the Exculpated Parties from, or exculpate the Exculpated Parties with respect to, any of the Exculpated Parties' obligations or covenants arising under the Confirmation Order, the Plan, the Plan Supplement, the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents, and any contracts, instruments, releases, and other agreements or documents delivered in connection with, or contemplated by, the foregoing.

60. "*Exculpated Parties*" means each of: (a) the Debtors; (b) the Reorganized Debtors; (c) the Committee and Committee Members; (d) the Exit Revolver Agent; (e) the New Second Lien Agent; (f) the DTC; and (g) with respect to each of the foregoing Entities in clauses (a) through (e), such Entity's current and former affiliates, officers, directors, managers, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such.

61. "*Executory Contract*" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

62. "*Exit Revolver Agent*" means the administrative agent (including its successors and assigns), in its capacity as administrative agent and collateral agent under the Exit Revolver Credit Facility Agreement and the other Exit Revolver Credit Facility Documents.

63. "*Exit Revolver Credit Facility*" means a new reserve-based revolving credit facility under the Exit Revolver Credit Facility Agreement secured by first priority security interests in and liens on substantially all of the Reorganized Debtors' assets (including Cash) with (a) aggregate principal availability on the Effective Date up to $200 million and (b) such other terms as provided in the Exit Revolver Credit Facility Documents as reasonably acceptable to the Debtors and (in the event such Exit Revolver Credit Facility is provided by the RBL Lenders) the RBL Agent.

64. "*Exit Revolver Credit Facility Agreement*" means that certain credit agreement effectuating the Exit Revolver Credit Facility to be entered into as of and subject to the occurrence of the Effective Date, by and

among certain of the Reorganized Debtors, as borrowers, the Exit Revolver Agent, the lenders named therein, and the other parties thereto, as amended, supplemented or otherwise modified from time to time.

65. "*Exit Revolver Credit Facility Documents*" means, collectively, the Exit Revolver Credit Facility Agreement all related agreements, documents, or instruments to be executed or delivered in connection with the Exit Revolver Credit Facility.

66. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Petition Date, compounded annually.

67. "*File*," "*Filed*," or "*Filing*" means file, filed, or filing in the Chapter 11 Cases with the Court or, with respect to the filing or submission of a Proof of Claim or proof of Interest, the Notice and Claims Agent.

68. "*Final Order*" means an order or judgment of the Court (or any other court of competent jurisdiction) entered by the Clerk of the Court (or any other court) on the docket in the Chapter 11 Cases (or the docket of such other court), which has not been reversed, stayed, modified, amended, or vacated, and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or motion for new trial, stay, reargument, or rehearing shall be pending or (b) if an appeal, writ of certiorari, new trial, stay, reargument, or rehearing thereof has been sought, such order or judgment of the Court (or other court of competent jurisdiction) shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari, or move for a new trial, stay, reargument, or rehearing shall have expired, as a result of which such order shall have become final in accordance with rule 8002 of the Bankruptcy Rules; *provided* that the possibility that a motion under rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order, shall not cause an order not to be a Final Order.

69. "*Forest Oil*" means that entity Forest Oil Corporation in existence prior to the Combination.

70. "*Forest Oil RBL*" means that revolving credit agreement issued to Forest Oil.

71. "*General Unsecured Claim*" means any Claim against any Debtor that is not otherwise paid in full during the Chapter 11 Cases pursuant to an order of the Court and is not: (a) an Administrative Claim; (b) a Priority Tax Claim; (c) an Other Priority Claim; (d) an Other Secured Claim; (e) an RBL Secured Claim; (f) an Intercompany Claim; (g) a Section 510(b) Claim; (h) an Unsecured Debt Claim; or (i) a Convenience Claim; *provided* that any Holder of a General Unsecured Claim in an Allowed amount greater than $[__] may elect to have such Claim irrevocably reduced to $[__] and treated as a Convenience Claim for purposes of the Plan in full and final satisfaction of such Claim.

72. "*Governmental Unit*" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

73. "*Holder*" means any Entity holding a Claim or an Interest.

74. "*Huntington Payment*" means that payment made to the Debtors from Huntington National Bank on July 21, 2015, in the amount of $19,729,905, as a result of the termination of that certain ISDA Master Agreement, dated as of December 10, 2013, between Huntington National Bank and Old Sabine.

75. "*Impaired*" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

76. "*Indemnification Obligations*" means each of the Debtors' indemnification obligations in place as of the Effective Date, whether in the bylaws, certificates of incorporation or formation, limited liability company agreements, other organizational or formation documents, board resolutions, management or indemnification agreements, or employment contracts, for the current and former directors and the officers who served in such capacity at any time after or within the 12 months prior to the Petition Date.

77. "*Independent Directors' Committee*" means that special committee formed by Sabine's board of directors on May 15, 2015, to conduct and oversee the investigation of potential claims and causes of action that the Debtors or certain of their stakeholders might possess against creditors and others related to the Combination.

78. "*Intercompany Claim*" means any Claim held by one Debtor or a Non-Debtor Subsidiary against another Debtor.

79. "*Intercompany Interest*" means, other than a Sabine Equity Interest, (a) an Interest in one Debtor or Non-Debtor Subsidiary held by another Debtor or Non-Debtor Subsidiary or (b) an Interest in a Debtor or a Non-Debtor Subsidiary held by an Affiliate of a Debtor or a Non-Debtor Subsidiary.

80. "*Intercreditor Agreement*" means that certain agreement between Old Sabine and certain of its subsidiaries, the RBL Agent, and the Second Lien Agent, dated as of December 14, 2012 (as amended from time to time and with all supplements and exhibits thereto).

81. "*Interests*" means the common stock, limited liability company interests, and any other equity, ownership, or profits interests of any Debtor and options, warrants, rights, or other securities or agreements to acquire the common stock, limited liability company interests, or other equity, ownership, or profits interests of any Debtor (whether or not arising under or in connection with any employment agreement).

82. "*Interim Compensation Order*" means that certain order entered by the Court on August 10, 2015, [Docket No. 156], establishing procedures for the compensation of Professionals.

83. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

84. "*LIBOR*" shall mean, for any interest period under the New Second Lien Credit Facility, the London interbank offered rate as administered by the ICE Benchmark Administration (or any other Entity that takes over the administration of such rate) for United States Dollars for a period equal in length to such period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event that such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the New Second Lien Agent, in its respective reasonable discretion) at approximately 11:00 A.M. London time, two (2) Business Days prior to the commencement of such time period; *provided* that if such rate is less than zero, LIBOR shall be deemed to be zero.

85. "*Lien*" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

86. "*Management Incentive Plan*" means the post-Effective Date management incentive plan for the benefit of certain continuing employees of the Reorganized Debtors equal to 10 percent of the New Common Stock, on a fully-diluted basis, the summary terms of which plan are attached hereto as **Exhibit 1**.

87. "*Management Incentive Plan Documents*" means those definitive documents relating to the Management Incentive Plan and included in the Plan Supplement.

88. "*ML Commodities Proceeds*" means that payment made to the Debtors by Merrill Lynch Commodities on July 15, 2015, in the amount of $4,594,250, as a result of the termination of that certain ISDA Master Agreement, dated as of November 13, 2009, between Merrill Lynch Commodities, Inc. and NFR Energy LLC.

89. "*New Boards*" means the initial board of directors, members, or managers, as applicable, of each Reorganized Debtor.

90. "*New Common Stock*" means the number of shares of common stock in Reorganized Sabine.

91. "*New Organizational Documents*" means the form of the certificates or articles of incorporation, bylaws, or such other applicable formation documents of each of the Reorganized Debtors, which forms shall be included in the Plan Supplement.

92. "*New Second Lien Agent*" means the administrative agent (including its successors and assigns), in its capacity as administrative agent and collateral agent under the New Second Lien Credit Agreement and the other New Second Lien Credit Facility Documents.

93. "*New Second Lien Credit Agreement*" means that certain credit agreement effectuating the New Second Lien Credit Facility to be entered into as of and subject to the occurrence of the Effective Date, by and among certain of the Reorganized Debtors, as borrowers, New Second Lien Agent, the lenders named therein, and the other parties thereto, as amended, supplemented or otherwise modified from time to time.

94. "*New Second Lien Credit Facility*" means a term loan credit facility under the New Second Lien Credit Agreement secured by second priority security interests in and liens on substantially all of the Reorganized Debtors' assets (including Cash) with (a) a principal amount of $[100] million, (b) an interest rate of [LIBOR (subject to a 1.0 percent floor) plus 9.0 percent], (c) annual amortization of 1.0 percent, (d) a maturity of December 31, 2021, and (e) such other terms as provided in the New Second Lien Credit Facility Documents as reasonably acceptable to the Debtors and the RBL Agent.

95. "*New Second Lien Credit Facility Documents*" means, collectively, the New Second Lien Credit Agreement and all related agreements, documents, or instruments to be executed or delivered in connection with the New Second Lien Credit Facility.

96. "*Non-Debtor Subsidiaries*" means: (a) New Forest Oil, Inc.; (b) Forest Oil Merger Sub Inc.; (c) Lantern Drilling Company; (d) Forest Gathering Company; (e) Sabine NY Merger Subsidiary, Inc.; and (f) Sabine Oil and Gas Corporation (DE).

97. "*Notice and Claims Agent*" means Prime Clerk LLC.

98. "*Old Sabine*" means that entity Sabine Oil & Gas LLC in existence prior to the Combination.

99. "*Old Sabine RBL"* means the Amended and Restated Credit Agreement, dated as of April 28, 2009, by and among Old Sabine, as borrower, Wells Fargo Bank, National Association, as successor administrative agent, the RBL Lenders, and other parties thereto.

100. "*Old Sabine Second Lien Credit Facility*" means that Second Lien Term Loan Agreement by and among Old Sabine, as borrower, Bank of America, N.A., as administrative agent, the Second Lien Lenders, and other parties thereto.

101. "*Ordinary Course Professionals*" shall mean the various attorneys, accountants, auditors, and other professionals the Debtors employ in the ordinary course of their business and retained by the Debtors pursuant to the Ordinary Course Professionals Order.

102. "*Ordinary Course Professionals Order*" shall mean that certain order entered by the Court on August 10, 2015 [Docket No. 155], establishing the procedures for retaining the Ordinary Course Professionals.

103. "*Other Priority Claim*" means any allowed Claim against any Debtor entitled to priority in right of payment under section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Claim; or (b) a Priority Tax Claim, to the extent such Claim has not already been paid during the Chapter 11 Cases.

104. "*Other Secured Claim*" means any Secured Claim against any Debtor that is not an RBL Secured Claim.

105. "*Person*" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

106. "*Petition Date*" means July 15, 2015, the date on which the Debtors commenced the Chapter 11 Cases.

107. "*Plan*" means this *Debtors' Joint Chapter 11 Plan of Reorganization*, as the same may be amended, supplemented, or modified from time to time, including the Plan Supplement, which is incorporated herein by reference and made part of the Plan as if set forth herein.

108. "*Plan Supplement*" means the documents and forms of documents, schedules, and exhibits to the Plan, (as amended, supplemented, or modified from time to time in accordance with the terms hereof and the Bankruptcy Code and the Bankruptcy Rules), to be Filed by the Debtors no later than 10 days before the Voting Deadline, and additional documents or amendments to previously Filed documents, Filed before the Confirmation Date as amendments to the Plan Supplement, including the following, as applicable: (a) the New Organizational Documents; (b) the Warrant Agreement; (c) the Schedule of Rejected Executory Contracts and Unexpired Leases; (d) a list of retained Causes of Action; (e) the Management Incentive Plan Documents; (f) the Exit Revolver Credit Facility Agreement; (g) the New Second Lien Credit Agreement; (h) a document listing the members of the New Boards; and (i) the Stockholders Agreement. The Debtors shall have the right to amend the documents contained in, and exhibits to, the Plan Supplement through the Effective Date.

109. "*Priority Claims*" means Priority Tax Claims and Other Priority Claims.

110. "*Priority Tax Claim*" means any Claim of a Governmental Unit against a Debtor of the kind specified in section 507(a)(8) of the Bankruptcy Code.

111. "*Pro Rata*" means the proportion that an Allowed Claim or Allowed Interest in a particular Class bears to the aggregate amount of Allowed Claims or Allowed Interests in that respective Class, or the proportion that Allowed Claims or Allowed Interests in a particular Class bear to the aggregate amount of Allowed Claims or Allowed Interests in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim or Allowed interests under the Plan.

112. "*Professional*" means an Entity employed pursuant to a Court order in accordance with sections 327 or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code.

113. "*Professional Fee Escrow*" means an interest-bearing account, which shall be funded no later than immediately prior to the Effective Date, to hold and maintain an amount of Cash equal to the Professional Fee Escrow Amount funded by the Debtors on the Effective Date solely for the purpose of paying all Allowed and unpaid Accrued Professional Compensation Claims.

114. "*Professional Fee Escrow Amount*" means the amount of Cash transferred by the Debtors to the Professional Fee Escrow to pay Accrued Professional Compensation Claims.

115. "*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

116. "*RBL Agent*" means Wells Fargo Bank, National Association (including its successors and assigns), in its capacity as administrative agent and collateral agent under the RBL Credit Agreement and the other RBL Credit Facility Documents.

117. "*RBL Claims*" means all Claims against any Debtor arising from or based upon the RBL Credit Facility Documents, which shall be Allowed in the aggregate principal amount of $902,148,138.55 (subject to adjustment based upon the Settlement), including all other obligations related thereto, including but not limited to any accrued unpaid prepetition interest, costs, fees, and indemnities.

118. "*RBL Credit Agreement*" means that certain Second Amended and Restated Credit Agreement, dated as of December 16, 2014 (as amended from time to time and with all supplements and exhibits thereto), by and among Sabine, the RBL Agent, and the financial institutions and lenders from time to time party thereto.

119. "*RBL Credit Facility*" means the reserve-based revolving credit facility under the RBL Credit Agreement.

120. "*RBL Credit Facility Documents*" means, collectively, the RBL Credit Agreement and all related agreements, documents, or instruments executed or delivered in connection with the RBL Credit Facility.

121. "*RBL Deficiency Claim*" means the portion of the RBL Claim constituting a general unsecured claim under section 506(a) of the Bankruptcy Code.

122. "*RBL Equity Pool*" means 93 percent of the New Common Stock to be issued and outstanding as of the Effective Date, subject to dilution by shares issued in connection with the Management Incentive Plan.

123. "*RBL Lenders*" means, collectively, the lenders from time to time party to the RBL Credit Agreement.

124. "*RBL Secured Claim*" means any RBL Claim that is Secured.

125. "*Reinstated*" or "*Reinstatement*" means, with respect to Claims and Interests, the treatment provided for in section 1124 of the Bankruptcy Code.

126. "*Released Party*" means each of the following in their capacity as such: (a) the RBL Agent; (b) the RBL Lenders; (c) the Second Lien Agent; (d) the Second Lien Lenders; (e) the Senior Notes Indenture Trustees; (f) the Senior Notes Holders; (h) the Committee and Committee Members; (i) current direct and indirect Interest Holders in Sabine; (j) any Holder of a Claim and/or Interest; (k) the DTC and (l) with respect to each of the Debtors, the Reorganized Debtors, and each of the foregoing Entities in clause (a) through (j), such Entity and its affiliates, and such Entity and its affiliates' current and former equity Holders (regardless of whether such interests are held directly or indirectly), predecessors, successors, and assigns, subsidiaries, and their current and former officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such.

127. "*Releasing Party*" means any Holder of a Claim and/or Interest that does not elect on its Ballot to opt out of the third party release contained in Article VIII.G.

128. "*Reorganized Debtors*" means the Debtors, or any successors thereto, by merger, consolidation, or otherwise, on or after the Effective Date, including any new entity formed pursuant to the Restructuring Transactions to directly or indirectly acquire the assets or equity of the Debtors.

129. "*Reorganized Sabine*" means Sabine, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

130. "*Restructuring Transactions*" shall have the meaning set forth in Article IV.A.

131. "*Royalty and Working Interests*" means the working interests granting the right to exploit oil and gas, and certain other royalty or mineral interests including but not limited to, landowner's royalty interests, overriding royalty interests, net profit interests, non-participating royalty interests and production payments.

132. "*Sabine*" means Sabine Oil & Gas Corporation, a New York corporation and a Debtor in the Chapter 11 Cases.

133. "*Sabine Equity Interests*" means existing equity interests in Sabine.

134. "*Schedule of Rejected Executory Contracts and Unexpired Leases*" means the schedule (including any amendments or modifications thereto), if any, of certain Executory Contracts and Unexpired Leases to be rejected by the Debtors pursuant to the Plan, as set forth in the Plan Supplement, as amended by the Debtors from time to time prior to the Confirmation Date.

135. "*Schedules*" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

136. "*Second Lien Agent*" means Bank of America, N.A. (including its successors and assigns), in its capacity as administrative agent and collateral agent under the Second Lien Credit Agreement and the other Second Lien Credit Facility Documents.

137. "*Second Lien Credit Agreement*" means that certain Second Lien Credit Agreement, dated as of December 14, 2012 (as amended from time to time and with all supplements and exhibits thereto), by and among Sabine, the Second Lien Agent, and the financial institutions and lenders from time to time party thereto.

138. "*Second Lien Claims*" means all Claims against any Debtor arising from or based upon the Second Lien Credit Facility Documents, which shall be Allowed in the aggregate amount of $730,199,121.09, which amount includes all other obligations related thereto, including any accrued unpaid prepetition interest, costs, fees, and indemnities.

139. "*Second Lien Credit Facility*" means the term loan credit facility under the Second Lien Credit Agreement.

140. "*Second Lien Credit Facility Documents*" means, collectively, the Second Lien Credit Agreement and all related agreements, documents, or instruments executed or delivered in connection with the Second Lien Credit Facility.

141. "*Second Lien Lenders*" means, collectively, the lenders from time to time party to the Second Lien Credit Agreement.

142. "*Section 510(b) Claims*" means all Claims against any Debtor arising from (a) rescission of a purchase or sale of a security of the Debtors or an Affiliate of the Debtors; (b) purchase or sale of such a security; or (c) reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

143. "*Secured*" means, when referring to a Claim, a Claim: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) otherwise Allowed pursuant to the Plan as a Secured Claim.

144. "*Secured Tax Claims*" means any Secured Claim against any Debtor that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related Secured Claim for penalties.

145. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa, as amended, or any similar federal, state or local law.

146. "*Securities Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a–78nn, as amended.

147. "*Security*" shall have the meaning set forth in section 101(49) of the Bankruptcy Code.

148. "*Senior Notes*" means, collectively, the: (a) 2017 Senior Notes; (b) 2019 Senior Notes; and (c) 2020 Senior Notes.

149. "*Senior Notes Claims*" means, collectively, the: (a) 2017 Senior Notes Claims; (b) 2019 Senior Notes Claims; and (c) 2020 Senior Notes Claims.

150. "*Senior Notes Holders*" means, collectively, the Holders of: (a) 2017 Senior Notes Claims; (b) 2019 Senior Notes Claims; and (c) 2020 Senior Notes Claims.

151. "*Senior Notes Indentures*" means, collectively, the: (a) 2017 Senior Notes Indenture; (b) 2019 Senior Notes Indenture; and (c) 2020 Senior Notes Indenture.

152. "*Senior Notes Indenture Trustees*" means, collectively, the: (a) 2017 Senior Notes Indenture Trustee; (b) 2019 Senior Notes Indenture Trustee; and (c) 2020 Senior Notes Indenture Trustee.

153. "*Settled Cause of Action*" means all Claims and Causes of Action made, or which could have been made, on behalf of the Debtors and/or the Non-Debtor Subsidiaries related to the scope and extent of the RBL Lenders' and Second Lien Lenders' liens, as further described in Article VIII.A and resolved in connection with the Settlement.

154. "*Settled Claims*" means any and all Claims arising from or related to a Settled Cause of Action, as further set forth in Article VIII.A.

155. "*Settlement*" means the settlement of the Settled Claims on the terms set forth in Article VIII.A.

156. "*Settlement Released Claims*" means all Claims and Causes of Action made, or which could have been made, on behalf of the Debtors and/or the Non-Debtor Subsidiaries, related to the constructive and intentional fraudulent transfer, breach of fiduciary duty, aiding and abetting breaches of fiduciary duty, debt recharacterization, and equitable subordination, as further set forth in set forth in the (a) *Proposed Complaint for Constructive Fraudulent Conveyance and Related Relief* annexed to the *Motion of the Official Committee of Unsecured Creditors For (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of The Debtors' Estates And (II) Non-Exclusive Settlement Authority* [Docket No. 518], (b) *Forest Notes Trustees' Motion for Entry of an Order Pursuant to § 1109(b) Granting Leave, Standing and Authority to Prosecute and, if Appropriate, Settle Certain Claims on Behalf of the Estate of Sabine Oil & Gas Corporation (f/k/a Forest Oil, Inc.)* [Docket No. 521], (c) *Joinder of the Bank of New York Mellon Trust Company, N.A. to Motion of The Official Committee of Unsecured Creditors for (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates; and (II) Related Relief* [Docket No. 520], (d) *Proposed Complaint for (I) Intentional Fraudulent Conveyance; (II) Breach of Fiduciary Duty; (III) Aiding and Abetting Breach of Fiduciary Duty; (IV) Equitable Subordination; (V) Debt Recharacterization; (IV) and Related Relief* annexed to the *Second Motion of the Official Committee Of Unsecured Creditors for (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 609]; (e) *Joinder of the Bank of New York Mellon Trust Company, N.A. to Second Motion of the Official Committee of Unsecured Creditors For (I) Leave, Standing, And Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of The Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 611]; and (f) *Joinder of the Forest Notes Trustees to Second Motion of the Official Committee of Unsecured Creditors For (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 612], other than the Settled Claims, as further described in Article VIII.A.

157. "*Stockholders Agreement*" means one or more stockholders agreement(s) or limited liability company membership agreement(s), as applicable, with respect to the New Common Stock, substantially in the form to be included in the Plan Supplement.

158. "*Subsidiaries*" means Giant Gas Gathering LLC, Sabine Bear Paw Basin LLC, Sabine East Texas Basin LLC, Sabine Mid-Continent Gathering LLC, Sabine Mid-Continent LLC, Sabine Oil & Gas Finance Corporation, Sabine South Texas Gathering LLC, Sabine South Texas LLC, and Sabine Williston Basin LLC.

159. "*Taxing Authority*" means any governmental authority exercising any authority to impose, regulate, levy, asses, or administer the imposition of any tax.

160. "*U.S. Trustee*" means the Office of the United States Trustee for the Southern District of New York.

161. "*Unexpired Lease*" means a lease of nonresidential real property to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

162. "*Unimpaired*" means, with respect to a Class of Claims or Interests, a Claim or an Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code, including through payment in full in cash.

163. "*Unsecured Equity Pool*" means 7 percent of the New Common Stock and 100 percent of the Warrants to be issued and outstanding as of the Effective Date, each subject to dilution by shares issued in connection with the Management Incentive Plan.

164. "*Unsecured Debt Claim*" means any RBL Deficiency Claim, Second Lien Claim, or Senior Notes Claim.

165. "*Voting Deadline*" means [April 19], 2016 at [5:00 p.m.], prevailing Eastern Time.

166. "*Voting Record Date*" means [10:00 a.m.], prevailing Eastern Time, on [March 8], 2016.

167. "*Warrants*" means the five-year warrants to acquire [20] percent of New Common Stock at the Warrants Strike Price issued pursuant to the Plan and the Warrant Agreement, subject to dilution by shares issued in connection with the Management Incentive Plan.

168. "*Warrant Agreement*" means that certain agreement providing for, among other things, the issuance of the Warrants to the Holders of Claims in Classes 4 through 7, which shall be in the form and substance as set forth in the Plan Supplement.

169. "*Warrants Strike Price*" means, with respect to the exercise of the Warrants, an amount equal to a total equity value of $[1.0] billion less the principal amount outstanding under the Exit Revolver Credit Facility and the New Second Lien Facility plus any Cash retained by the Reorganized Debtors divided by the total number of shares of New Common Stock as of the Effective Date (after giving effect to the transactions contemplated under the Plan).

B. Rules of Interpretation

For purposes herein: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) except as otherwise provided, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) except as otherwise provided, any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with the terms of the Plan; (4) unless otherwise specified, all references herein to "Articles" are references to Articles of the Plan or hereto; (5) unless otherwise stated, the words "herein," "hereof," and ''hereto'' refer to the Plan in its entirety rather than to a particular portion of the Plan; (6) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (7) the words "include" and "including,"

and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation;" (8) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (9) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (10) any effectuating provisions may be interpreted by Reorganized Debtors in a manner consistent with the overall purpose and intent of the Plan, all without further notice to or action, order, or approval of the court or any other entity, and such interpretation shall control in all respects; (11) except as otherwise provided, any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter; and (12) any docket number references in the Plan shall refer to the docket number of any document Filed with the Court in the Chapter 11 Cases.

C. Computation of Time

Unless otherwise specifically stated herein, the provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

D. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State of New York, (except for Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York), without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided* that corporate or limited liability company governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated or formed (as applicable) in New York shall be governed by the laws of the state of incorporation or formation (as applicable) of the applicable Debtor or Reorganized Debtor.

E. Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

F. Reference to the Debtors or the Reorganized Debtors

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

G. Controlling Document

In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control in all respects. In the event of an inconsistency between the Plan and the Plan Supplement, the terms of the relevant document in the Plan Supplement shall control (unless stated otherwise in such Plan Supplement document or in the Confirmation Order). In the event of an inconsistency between the Confirmation Order and the Plan, the Confirmation Order shall control.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III hereof.

A. Administrative Claims

Except with respect to Administrative Claims that are Accrued Professional Compensation Claims and except to the extent that an Administrative Claim has already been paid during the Chapter 11 Cases or a Holder of an Allowed Administrative Claim and the applicable Debtor(s) agree to less favorable treatment, each Holder of an Allowed Administrative Claim shall be paid in full in Cash on the unpaid portion of its Allowed Administrative Claim on the latest of: (a) on or as soon as reasonably practicable after the Effective Date if such Administrative Claim is Allowed as of the Effective Date; (b) on or as soon as reasonably practicable after the date such Administrative Claim is Allowed; and (c) the date such Allowed Administrative Claim becomes due and payable, or as soon thereafter as is reasonably practicable; *provided* that Allowed Administrative Claims that arise in the ordinary course of the Debtors' businesses shall be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim previously Allowed by Final Order.

Except as otherwise provided in this Article II.A and except with respect to Administrative Claims that are Accrued Professional Compensation Claims, requests for payment of Allowed Administrative Claims must be Filed and served on the Reorganized Debtors pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than the Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors or their property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be Filed and served on the Reorganized Debtors and the requesting party no later than 60 days after the Effective Date.

B. Accrued Professional Compensation Claims

1. Professional Fee Escrow

As soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow with Cash equal to the Professional Fee Escrow Amount. The Professional Fee Escrow shall be funded no later than the Effective Date and maintained in trust for the Professionals and shall not be considered property of the Debtors' Estates; *provided*, that Reorganized Sabine shall have a reversionary interest in the excess, if any, of the amount of the Professional Fee Escrow over the aggregate Allowed Accrued Professional Compensation Claims to be paid from the Professional Fee Escrow.

2. Final Fee Applications and Payment of Accrued Professional Compensation Claims

All final requests for payment of Accrued Professional Compensation Claims incurred during the period from the Petition Date through the Confirmation Date, shall be Filed no later than 30 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules and prior Court orders, the Allowed amounts of such Accrued Professional Compensation Claims shall be determined by the Court. The amount of Accrued Professional Compensation Claims owing to the Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by a Final Order. To the extent that funds held in the Professional Fee Escrow are unable to satisfy the amount of Accrued Professional Compensation Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Claim for any such deficiency, which shall be satisfied in accordance with Article II.A of the Plan. After all Accrued Professional Compensation Claims have been paid in full, the Final Order allowing such Accrued Professional Compensation Claims shall direct the escrow agent to return any excess amounts to Reorganized Sabine.

3. Estimation of Fees and Expenses

To receive payment for unbilled fees and expenses incurred through the Confirmation Date, the Professionals shall estimate their Accrued Professional Compensation Claims before and as of the Confirmation Date and shall deliver such estimate to the Debtors no later than ten days prior to the Effective Date; *provided, however*, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate, the Debtors may estimate the unbilled fees and expenses of such Professional. The total amount so estimated shall be utilized by the Debtors to determine the Professional Fee Escrow Amount.

4. Post-Confirmation Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Court, pay in Cash the reasonable and documented legal, professional, or other fees and expenses incurred by the Debtors or the Committee. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order, or approval of the Court.

C. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code. In the event an Allowed Priority Tax Claim is also a Secured Tax Claim, such Claim shall, to the extent it is Allowed, be treated as an Other Secured Claim if such Claim is not otherwise paid in full.

D. Statutory Fees

All fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code prior to the Effective Date shall be paid by the Debtors. On and after the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and shall file with the Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. Each Debtor shall remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Accrued Professional Compensation Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Interests set forth in this Article III.

A. Summary of Classification

All Claims and Interests, other than Administrative Claims (including Accrued Professional Compensation Claims) and Priority Tax Claims, are classified in the Classes set forth in this Article III for all purposes, including voting, Confirmation, and distributions pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or

Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Except as provided below, the Plan constitutes a separate chapter 11 plan of reorganization for each Debtor and the classifications set forth in Classes 1 through 11 shall be deemed to apply to each Debtor, except for Class 12, which only applies to Sabine. Each Class of Claims against or Interests in the Debtors shall be deemed to constitute separate sub-Classes of Claims against and Interests in each of the Debtors, as applicable, and each such sub-Class shall vote as a single separate Class for each of the Debtors, as applicable, and the confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each of the Debtors.

1. Class Identification

The classification of Claims and Interests against each Debtor (as applicable) pursuant to the Plan is as set forth below. The Plan shall apply as a separate Plan for each of the Debtors, and the classification of Claims and Interests set forth herein shall apply separately to each of the Debtors. All of the potential Classes for the Debtors are set forth herein. Certain of the Debtors may not have Holders of Claims or Interests in a particular Class or Classes, and such Classes shall be treated as set forth in Article III.H hereof.

Class	Claims and Interests	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
3	RBL Secured Claims	Impaired	Entitled to Vote
4	RBL Deficiency Claims	Impaired	Entitled to Vote
5	Second Lien Claims	Impaired	Entitled to Vote
6	Senior Notes Claims	Impaired	Entitled to Vote
7	General Unsecured Claims	Impaired	Entitled to Vote
8	Convenience Claims	Impaired	Entitled to Vote
9	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
10	Intercompany Claims	Impaired/Unimpaired	Not Entitled to Vote (Presumed to Accept/Deemed to Reject)
11	Intercompany Interests	Impaired/Unimpaired	Not Entitled to Vote (Presumed to Accept/Deemed to Reject)
12	Sabine Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

B. Treatment of Claims and Interests

The treatment and voting rights provided to each Class for distribution purposes is specified below:

1. Class 1 – Other Priority Claims

a. *Classification*: Class 1 consists of all Allowed Other Priority Claims.

b. *Treatment*: Except to the extent that a Holder of an Allowed Other Priority Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Other Priority Claim, each such Holder shall receive payment in full, in cash, of the unpaid portion of its Other Priority Claim on the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, shall be paid in accordance with its terms) or pursuant to such other terms as may be agreed to by the Holder of an Allowed Other Priority Claim and the Debtors.

c. *Voting*: Class 1 is Unimpaired under the Plan. Each Holder of an Allowed Other Priority Claim will be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, each Holder of an Allowed Other Priority Claim will not be entitled to vote to accept or reject the Plan.

2. Class 2 – Other Secured Claims

a. *Classification*: Class 2 consists of all Allowed Other Secured Claims.

b. *Treatment*: On the Effective Date, except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder shall receive either (i) payment in full in cash of the unpaid portion of its Allowed Other Secured Claim on the Effective Date or as soon thereafter as reasonably practicable (or if payment is not then due, shall be paid in accordance with its terms), (ii) reinstatement pursuant to section 1124 of the Bankruptcy Code, or (iii) such other recovery necessary to satisfy section 1129 of the Bankruptcy Code.

c. *Voting*: Class 2 is Unimpaired under the Plan. Each Holder of an Allowed Other Secured Claim will be conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, each Holder of an Allowed Other Secured Claim will not be entitled to vote to accept or reject the Plan.

3. Class 3 - RBL Secured Claims

a. *Classification*: Class 3 consists of all Allowed RBL Secured Claims.

b. *Allowance*: The RBL Secured Claims shall be Allowed in the aggregate amount of $[__], which amount includes all other obligations related thereto, including any accrued unpaid prepetition interest, costs, fees and indemnities, as calculated pursuant to the RBL Credit Agreement.

c. *Treatment*: On the Effective Date, or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed RBL Secured Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed RBL Secured Claim, each Holder of an Allowed RBL Secured Claim shall receive its Pro Rata share of:

i. loans (which shall be zero on the Effective Date) and commitments under the Exit Revolver Credit Facility, unless the Exit Revolver Credit Facility is financed by one or more third-party lenders;

ii. loans under the New Second Lien Credit Agreement;

iii. the RBL Equity Pool; and

iv. all Cash held by any of the Debtors as of the Effective Date.

d. *Voting*: Class 3 is Impaired under the Plan. Each Holder of an Allowed RBL Secured Claim will be entitled to vote to accept or reject the Plan.

4. Class 4 - RBL Deficiency Claims

a. *Classification*: Class 4 consists of all Allowed RBL Deficiency Claims.

b. *Allowance*: The RBL Deficiency Claims shall be Allowed in the aggregate amount of $[___].

c. *Treatment*: On the Effective Date, or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed RBL Deficiency Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each RBL Deficiency Claim, each Holder of an Allowed RBL Deficiency Claim shall receive its Pro Rata share of the Unsecured Equity Pool.

d. *Voting*: Class 4 is Impaired under the Plan. Each Holder of an Allowed RBL Deficiency Claim will be entitled to vote to accept or reject the Plan.

5. Class 5 - Second Lien Claims

a. *Classification*: Class 5 consists of all Allowed Second Lien Claims.

b. *Allowance*: The Second Lien Claims shall be Allowed in the aggregate amount of $730,199,121.09, which amount includes all other obligations related thereto, including any accrued unpaid prepetition interest, costs, fees, and indemnities, calculated in accordance with the Second Lien Credit Facility Documents.

c. *Treatment*: On the Effective Date, or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed Second Lien Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Second Lien Claim, each Holder of an Allowed Second Lien Claim shall receive its Pro Rata share of the Unsecured Equity Pool.

d. *Voting*: Class 5 is Impaired under the Plan. Each Holder of an Allowed Second Lien Claim will be entitled to vote to accept or reject the Plan.

6. Class 6 - Senior Notes Claims

a. *Classification*: Class 6 consists of all Allowed Senior Notes Claims.

b. *Allowance*:

i. The 2017 Senior Notes Claims shall be Allowed in the aggregate amount of $364,123,958.33, which amount includes all other obligations related thereto, including any accrued unpaid prepetition interest, costs, fees, and indemnities, as calculated in accordance with the 2017 Senior Notes Indenture.

ii. The 2019 Senior Notes Claims shall be Allowed in the aggregate amount of $602,238,560.79, which amount includes all other obligations related thereto, including any accrued unpaid prepetition interest, costs, fees, and indemnities, as calculated in accordance with the 2019 Senior Notes Indenture.

iii. The 2020 Senior Notes Claims shall be Allowed in the aggregate amount of $227,592,906.88, which amount includes all other obligations related thereto, including any accrued unpaid prepetition interest, costs, fees, and indemnities, as calculated in accordance with the 2020 Senior Notes Indenture.

c. *Treatment*: On the Effective Date, or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed Senior Notes Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of

and in exchange for each Senior Notes Claim, each Holder of an Allowed Senior Notes Claim shall receive its Pro Rata share of the Unsecured Equity Pool.

d. *Voting*: Class 6 is Impaired under the Plan. Each Holder of an Allowed Senior Notes Claim will be entitled to vote to accept or reject the Plan

7. Class 7 - General Unsecured Claims

a. *Classification*: Class 7 consists of all Allowed General Unsecured Claims.

b. *Treatment*: On the Effective Date or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive, subject to applicable law, its Pro Rata share of the Unsecured Equity Pool.

c. *Voting*: Class 7 is Impaired under the Plan. Each Holder of an Allowed General Unsecured Claim will be entitled to vote to accept or reject the Plan.

8. Class 8 - Convenience Claims

a. *Classification*: Class 8 consists of all Allowed Convenience Claims.

b. *Treatment*: On the Effective Date, or as soon as reasonably practicable thereafter, except to the extent that a Holder of an Allowed Convenience Claim agrees to less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Convenience Claim, each Holder of a Convenience Claim shall receive, subject to applicable law, Cash in an amount equal to its Pro Rata share of $[__].

c. *Voting*: Class 8 is Impaired under the Plan. Each Holder of an Allowed Convenience Claim will be entitled to vote to accept or reject the Plan.

9. Class 9 - Section 510(b) Claims

a. *Classification*: Class 9 consists of all Section 510(b) Claims.

b. *Treatment*: Holders of Section 510(b) Claims shall not be entitled to and shall not receive any distribution on account of such Claims, and Section 510(b) Claims shall be discharged, cancelled, released, and extinguished as of the Effective Date.

c. *Voting*: Class 9 is Impaired under the Plan. Each Holder of a 510(b) Claim will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each Holder of a 510(b) Claim will not be entitled to vote to accept or reject the Plan.

10. Class 10 - Intercompany Claims

a. *Classification*: Class 10 consists of all Intercompany Claims.

b. *Treatment*: Intercompany Claims may be Reinstated as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, be cancelled, and no distribution shall be made on account of such Claims.

c. *Voting*: Holders of Intercompany Claims are either Unimpaired, and such Holders of Intercompany Claims conclusively are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and such Holders of Intercompany Claims are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each Holder of an Intercompany Claim will not be entitled to vote to accept or reject the Plan.

11. Class 11 - Intercompany Interests

a. *Classification*: Class 11 consists of all Intercompany Interests.

b. *Treatment*: Intercompany Interests may be Reinstated as of the Effective Date or, at the Debtors' or the Reorganized Debtors' option, be cancelled, and no distribution shall be made on account of such Interests.

c. *Voting*: Holders of Intercompany Interests are either Unimpaired, and such Holders of Intercompany Interests conclusively are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code, or Impaired, and such Holders of Intercompany Interests are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each Holder of an Intercompany Interest will not be entitled to vote to accept or reject the Plan.

12. Class 12- Sabine Equity Interests

a. *Classification*: Class 12 consists of all existing Interests in Sabine.

b. *Treatment*: On the Effective Date, Equity Interests in Sabine shall be deemed canceled and extinguished, and shall be of no further force and effect, whether surrendered for cancelation or otherwise, and there shall be no distribution to Holders of Sabine Equity Interests on account of such Interests.

c. *Voting*: Class 12 is Impaired under the Plan. Each Holder of a Sabine Equity Interest will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, each Holder of a Sabine Equity Interest will not be entitled to vote to accept or reject the Plan.

C. No Substantive Consolidation

Although the Plan is presented as a joint plan of reorganization, this Plan does not provide for the substantive consolidation of the Debtors' Estates, and on the Effective Date, the Debtors' Estates shall not be deemed to be substantively consolidated for any reason. Nothing in this Plan or the Disclosure Statement shall constitute or be deemed to constitute an admission that any one or all of the Debtors is subject to or liable for any Claims against any other Debtor. A Claim against multiple Debtors will be treated as a separate Claim against each applicable Debtor's Estate for all purposes including, but not limited to, voting and distribution; *provided* that no Claim will receive value in excess of 100 percent of the Allowed amount of such Claim.

D. Confirmation of Certain, But Not All Cases

If the Plan is not confirmed as to one or more of the Debtors, but the other Debtors determine to proceed with the Plan, then the Debtor(s) as to which the Plan may not be confirmed shall be severed from, and the Plan shall not apply to, such Debtor(s).

E. Special Provision Governing Unimpaired Claims

Nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupment against any such Unimpaired Claims.

F. Special Provision Regarding Settled Claims

Any and all Settled Claims shall be settled and compromised pursuant to Article VIII.A of the Plan. Distributions on account of the Allowed Claims resulting from such settlement and compromise shall be effected through the distributions to Holders of Allowed Claims pursuant to this Plan.

G. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

The Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article X hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

H. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

I. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Claims or Interests eligible to vote and no Holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims or Interests in such Class.

J. Intercompany Interests

To the extent Reinstated under the Plan, distributions on account of Intercompany Interests are not being received by Holders of such Intercompany Interests on account of their Intercompany Interests but for the purposes of administrative convenience, for the ultimate benefit of the Holders of New Common Stock, and in exchange for the Debtors' and Reorganized Debtors' agreement under the Plan to make certain distributions to the Holders of Allowed Claims. For the avoidance of doubt, any Interest in Non-Debtor Subsidiaries owned by a Debtor shall continue to be owned by the applicable Reorganized Debtor.

K. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise, including, without limitation, the Intercreditor Agreement. Pursuant to section 510 of the Bankruptcy Code, the Debtors or Reorganized Debtors reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Restructuring Transactions

On the Effective Date, or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan (the "Restructuring Transactions"), including: (1) the execution and delivery of any appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan, and that satisfy the requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; (4) the execution and delivery of the applicable documents included in the Plan Supplement, including but not limited to the Exit Revolver Credit Facility Agreement and the New Second Lien Credit Agreement, the Stockholders Agreement, and the Warrant Agreement; (5) the Settlement; and (6) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

B. Sources of Consideration for Plan Distributions

The Reorganized Debtors shall fund distributions under the Plan as follows:

1. Equity Interests in Reorganized Sabine

a. Issuance and Distribution of New Common Stock and Warrants.

All of the shares of New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance of the New Common Stock under the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

All shares of New Common Stock and Warrants issued pursuant to the Plan as of the Effective Date shall be subject to dilution by the Management Incentive Plan. The issuance of the New Common Stock and Warrants, including options, or other equity awards, if any, reserved under the Management Incentive Plan, shall be authorized without the need for any further corporate action and without any further action by the Holders of Claims or Interests.

On the Effective Date, [__] shares of New Common Stock shall be issued to the Unsecured Equity Pool for Distribution as described in Article III above. Also on the Effective Date, Reorganized Sabine will issue the Warrants Pro Rata to Holders of Claims or Interests in Classes 4 through 7 as described in Article III above. The form of agreement governing the New Warrants will be included in the Plan Supplement. All Warrants issued shall be subject to dilution by the Management Incentive Plan. The Holders of Claims in Classes 4 through 7 shall receive their respective shares of the Unsecured Equity Pool. Shares of New Common Stock shall also be issued to the Holders of (i) equity-based awards under the Management Incentive Plan and (ii) Warrants upon the exercise of such Warrants. The issuance of the New Common Stock by Reorganized Sabine, including pursuant to the Warrant Agreement and other equity awards reserved for the Management Incentive Plan, are authorized without the need for any further corporate action or without any further action by the Holders of Claims.

2. Exit Revolver Credit Facility

On the Effective Date, the Reorganized Debtors will enter into the Exit Revolver Credit Facility Agreement. The Exit Revolver Credit Facility may be provided by the existing RBL Agent and RBL Lenders or one

or more third-party lenders. The Exit Revolver Credit Facility shall be a new reserve-based revolving credit facility under the Exit Revolver Credit Facility Agreement secured by first priority security interests in and liens on substantially all of the Reorganized Debtors' assets (including Cash) with (a) aggregate principal availability on the Effective Date up to $200 million, and (b) such other terms as provided by the Plan and/or reasonably acceptable to the Debtors and (in the event such Exit Revolver Credit Facility is provided by the RBL Lenders) the RBL Agent.

The Confirmation Order shall include approval of the Exit Revolver Credit Facility (including the transactions contemplated thereby, such as any supplementation or additional syndication of the Exit Revolver Credit Facility, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein), the granting of any liens and security interests in favor of the lenders under the Exit Revolver Credit Facility securing such obligations, and authorization for the Reorganized Debtors to enter into and execute the Exit Revolver Credit Facility Documents and such other documents as may be required to effectuate the treatment afforded to the lenders under the Exit Revolver Credit Facility pursuant to the Exit Revolver Credit Facility Documents, including any and all documents that serve to evidence and secure the Reorganized Debtors' respective obligations under the Exit Revolver Credit Facility and any liens and security interests in favor of the lenders under the Exit Revolver Credit Facility securing such obligations. The Reorganized Debtors may use the Exit Revolver Credit Facility for any purpose permitted thereunder, including the funding of obligations under the Plan and satisfaction of ongoing working capital needs.

Upon the Confirmation Date, (1) the Reorganized Debtors are authorized to execute and deliver the Exit Revolver Credit Facility Documents and any and all security agreements, guarantees, mortgages or extensions of mortgages, certificates, control agreements, insurance documents, opinions, and other instruments, agreements, assignments, and documents contemplated or required by the Exit Revolver Credit Facility, including, but not limited to, any and all such documents that serve to evidence and secure the Reorganized Debtors' respective obligations under the Exit Revolver Credit Facility and any liens and security interests in favor of the lenders under the Exit Revolver Credit Facility securing such obligations, and perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages, or indemnities, and (2) subject to the occurrence of the Effective Date, the Exit Revolver Credit Facility Documents and any and all security agreements, guarantees, mortgages or extensions of mortgages, certificates, control agreements, insurance documents, opinions, and other instruments, agreements, assignments, and documents contemplated or required by the Exit Revolver Credit Facility, including, but not limited to, any and all such documents that serve to evidence and secure the Reorganized Debtors' respective obligations under the Exit Revolver Credit Facility and any liens and security interests in favor of the lenders under the Exit Revolver Credit Facility securing such obligation, shall constitute the legal, valid, and binding obligations of the Reorganized Debtors and be enforceable in accordance with their respective terms.

3. New Second Lien Credit Facility

On the Effective Date, the Reorganized Debtors will enter into the New Second Lien Credit Agreement. The New Second Lien Credit Facility shall be a term loan credit facility under the New Second Lien Credit Agreement secured by second priority security interests in and liens on substantially all of the Reorganized Debtors' assets (including Cash) with (a) a principal amount of $[100] million, (b) an interest rate of [LIBOR (subject to a 1.0 percent floor) plus 9.0 percent], (c) annual amortization of 1.0 percent, (d) a maturity of December 31, 2021, and (e) such other terms as provided by the Plan and/or reasonably acceptable to the Debtors and the RBL Agent.

The Confirmation Order shall include approval of the New Second Lien Credit Facility (including the transactions contemplated thereby, such as any supplementation or additional syndication of the New Second Lien Credit Facility, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein), the granting of any liens and security interests in favor of the lenders under New Second Lien Credit Facility securing such obligations, and authorization for the Reorganized Debtors to enter into and execute the New Second Lien Credit Facility Documents and such other documents as may be required to effectuate the treatment afforded to the lenders under the New Second Lien Credit Facility pursuant to the New Second Lien Credit Facility Documents, including any and all documents that serve to evidence and secure the Reorganized Debtors' respective

obligations under the New Second Lien Credit Facility and any liens and security interests in favor of the lenders under the New Second Lien Credit Facility securing such obligations.

Upon the Confirmation Date, (1) the Reorganized Debtors are authorized to execute and deliver the New Second Lien Credit Facility Documents and any and all security agreements, guarantees, mortgages or extensions of mortgages, certificates, control agreements, insurance documents, opinions, and other instruments, agreements, assignments, and documents contemplated or required by the New Second Lien Credit Facility, including, but not limited to, any and all such documents that serve to evidence and secure the Reorganized Debtors' respective obligations under the New Second Lien Credit Facility and any liens and security interests in favor of the lenders under the New Second Lien Credit Facility securing such obligations, and perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages, or indemnities, and (2) subject to the occurrence of the Effective Date, the New Second Lien Credit Facility Documents and any and all security agreements, guarantees, mortgages or extensions of mortgages, certificates, control agreements, insurance documents, opinions, and other instruments, agreements, assignments, and documents contemplated or required by the New Second Lien Credit Facility, including, but not limited to, any and all such documents that serve to evidence and secure the Reorganized Debtors' respective obligations under the New Second Lien Credit Facility and any liens and security interests in favor of the lenders under the New Second Lien Credit Facility securing such obligations, shall constitute the legal, valid, and binding obligations of the Reorganized Debtors and be enforceable in accordance with their respective terms.

4. The Settlement of Claims

On the Effective Date, the Reorganized Debtors shall enter into the Settlement. The Debtors shall use the applicable proceeds of the Settlement to fund distributions under the Plan in accordance with Article VIII.A.

C. Corporate Existence

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, each Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and by-laws (or other analogous formation documents) in effect before the Effective Date, except to the extent such certificate of incorporation and bylaws (or other analogous formation documents) are amended by the Plan or otherwise (including in connection with any conversion of the Reorganized Sabine to a limited liability company), and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law).

D. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors, including Interests held by the Debtors in non-Debtor subsidiaries, pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property, and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

E. Cancellation of Existing Securities and Agreements

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date: (1) the obligations of the Debtors under the RBL Credit Agreement, the Second Lien Credit Agreement, the Senior Notes Indentures, and any other certificate, share, note,

bond, indenture, purchase right, option, warrant, or other instrument or document, directly or indirectly, evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Interest (except such certificates, notes, or other instruments or documents evidencing indebtedness or obligations of the Debtors that are specifically Reinstated pursuant to the Plan) shall be cancelled as to the Debtors and the Reorganized Debtors shall not have any continuing obligations thereunder; and (2) the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of the Debtors (except such agreements, certificates, notes, or other instruments evidencing indebtedness or obligations of the Debtors that are specifically Reinstated pursuant to the Plan) shall be released and discharged; *provided* that notwithstanding Confirmation or the occurrence of the Effective Date, any such indenture or agreement that governs the rights of the Holder of a Claim or Interest shall continue in effect solely for purposes of enabling Holders of Allowed Claims and Allowed Interests to receive distributions under the Plan as provided herein; *provided*, *further*, that the preceding proviso shall not affect the discharge of Claims or Interests pursuant to the Bankruptcy Code, the Confirmation Order, or the Plan or result in any expense or liability to the Reorganized Debtors, except to the extent set forth in or provided for under this Plan; *provided*, *further*, that nothing in this section shall effect a cancellation of any New Common Stock or Intercompany Interests.

On and after the Effective Date, all duties and responsibilities of the RBL Agent under the RBL Credit Agreement, the Second Lien Agent under the Second Lien Credit Agreement, and each Senior Notes Indenture Trustee under each Senior Notes Indenture, as applicable, shall be discharged unless otherwise specifically set forth in or provided for under the Plan or the Plan Supplement.

If the record Holder of any Senior Notes is DTC or its nominee or another securities depository or custodian thereof, and such Holder of Senior Notes is represented by a global security held by or on behalf of DTC or such other securities depository or custodian, then each such Holder of the Senior Notes shall be deemed to have surrendered such Holder's note, debenture or other evidence of indebtedness upon surrender of such global security by DTC or such other securities depository or custodian thereof.

F. Corporate Action

Upon the Effective Date, or as soon thereafter as is reasonably practicable, all actions contemplated by the Plan shall be deemed authorized and approved by the Court in all respects, including, as applicable: (1) the issuance of the New Common Stock and the Warrants; (2) the selection of the directors and officers for Reorganized Sabine and the other Reorganized Debtors; (3) the execution and delivery of the Exit Revolver Credit Facility Documents; (4) the execution and delivery of the New Second Lien Credit Facility Documents; (5) the adoption and implementation of the Management Incentive Plan by the New Board of Reorganized Sabine; (6) the implementation of the Restructuring Transactions; and (7) all other actions contemplated by the Plan (whether to occur before, on, or after the Effective Date). Upon the Effective Date, all matters provided for in the Plan involving the corporate structure of Reorganized Sabine and the other Reorganized Debtors, and any corporate action required by the Debtors, Reorganized Sabine, or the other Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security Holders, directors, or officers of the Debtors, Reorganized Sabine or the other Reorganized Debtors.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtors, Reorganized Sabine, or the other Reorganized Debtors shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of Reorganized Sabine and the other Reorganized Debtors, including the Exit Revolver Credit Facility Agreement and the other Exit Revolver Credit Facility Documents, the New Second Lien Credit Agreement and the other New Second Lien Credit Facility Documents, and any and all other agreements, documents, securities, and instruments relating to the foregoing, to the extent not previously authorized by the Court. The authorizations and approvals contemplated by this Article IV.F shall be effective notwithstanding any requirements under non-bankruptcy law.

G. New Organizational Documents

To the extent required under the Plan or applicable nonbankruptcy law, Reorganized Sabine and the other Reorganized Debtors will file their respective New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in their respective states, provinces, or countries of incorporation in accordance with the corporate laws of the respective states, provinces, or countries of incorporation. Pursuant to section 1123(a)(6) of the Bankruptcy Code, the New Organizational Documents of the Reorganized Debtors will prohibit the issuance of non-voting equity securities. After the Effective Date, Reorganized Sabine and the other Reorganized Debtors, as applicable, may amend and restate their respective New Organizational Documents and other constituent documents as permitted by the laws of their respective states, provinces, or countries of incorporation and their respective New Organizational Documents.

H. Directors and Officers of the Reorganized Debtors

As of the Effective Date, the term of the current members of the board of directors of the Debtors shall expire, and the New Boards shall be appointed in accordance with the New Organizational Documents and other constituent documents of each Reorganized Debtor. The officers of each of the Debtors as of the Effective Date shall remain as officers of the Reorganized Debtors unless otherwise provided for in the New Organizational Documents or other constituent documents of the Reorganized Debtors.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in advance of the Confirmation Hearing the identity and affiliations of any Person proposed to serve on the initial New Boards, as well as those Persons that will serve as an officer of Reorganized Sabine or any of the Reorganized Debtors. The New Board of Reorganized Sabine shall consist of those individuals disclosed prior to the Confirmation Hearing. Successors will be elected in accordance with the New Organizational Documents of Reorganized Sabine.

To the extent any such director or officer is an "insider" under the Bankruptcy Code, the nature of any compensation to be paid to such director or officer will also be disclosed. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of Reorganized Sabine and the Reorganized Debtors.

I. Effectuating Documents; Further Transactions

On and after the Effective Date, Reorganized Sabine, the Reorganized Debtors, and the officers and members of the New Boards thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Securities issued pursuant to the Plan, including the New Common Stock and Warrants, the Second Lien Credit Facility, and the Exit Revolver Credit Facility Agreement in the name of and on behalf of Reorganized Sabine or the Reorganized Debtors, without the need for any approvals, authorization, or consents except those expressly required pursuant to the Plan.

J. Exemption from Certain Taxes and Fees

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto or the Exit Revolver Credit Facility Documents shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, sale or use tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents pursuant to such transfers of property without the payment of any such tax, recordation fee, or governmental assessment.

K. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, but subject in all respects to Article VIII hereof and the terms of the Settlement, and as otherwise may be set forth in the Plan Supplement, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action (including, for the avoidance of doubt, Avoidance Actions), whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and such rights to commence, prosecute, or settle such Causes of Action and Avoidance Actions shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action or Avoidance Actions, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Causes of Action against it as any indication that the Debtors or the Reorganized Debtors will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan or Plan Supplement**. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Court order, the Debtors or Reorganized Debtors, as applicable, expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

Except as expressly provided to the contrary in the Plan, including with respect to the settlement and release provisions set forth in Article VIII, the Reorganized Debtors reserve and shall retain the Causes of Action (including Avoidance Actions) notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan or Plan Supplement. In accordance with section 1123(b)(3) of the Bankruptcy Code, except as otherwise provided herein, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors. The applicable Reorganized Debtors, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Court.

L. Director and Officer Liability Insurance

To the extent that the D&O Liability Insurance Policies are considered to be Executory Contracts, notwithstanding anything in the Plan to the contrary, effective as of the Effective Date, the Reorganized Debtors shall be deemed to have assumed all unexpired D&O Liability Insurance Policies with respect to the Debtors' directors, managers, officers, and employees serving on or prior to the Petition Date pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Court's approval of the Reorganized Debtors' assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Reorganized Debtors under the Plan as to which no Proof of Claim need be filed.

Before the Petition Date, the Debtors obtained reasonably sufficient tail coverage (*i.e.*, director, manager, and officer insurance coverage that extends beyond the end of the policy period) under a D&O Liability Insurance Policy for the current and former directors, officers, and managers. After the Effective Date, the Reorganized Debtors shall not terminate or otherwise reduce the coverage under any D&O Liability Insurance Policy (including such tail coverage liability insurance) in effect and all members, managers, directors, and officers of the Debtors who served in such capacity at any time prior to the Effective Date of the Plan shall be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such members, managers, directors, and/or officers remain in such positions after the Effective Date of the Plan.

M. Management Incentive Plan

On the Effective Date, equity grants equal to 10 percent of the New Common Stock (on a fully diluted basis) shall be reserved for the benefit of certain continuing employees of the Reorganized Debtors, the summary terms of which plan are attached hereto as **Exhibit 1**.

N. Employee and Retiree Benefits

Unless otherwise set forth in the Schedule of Rejected Executory Contracts and Unexpired Leases included in the Plan Supplement, all employment, severance, retirement, indemnification, and other similar employee-related agreements or arrangements in place as of the Effective Date with the Debtors and the Non-Debtor Subsidiaries shall be assumed by the Reorganized Debtors and shall remain in place after the Effective Date, as may be amended by agreement between the beneficiaries of such agreements, plans, or arrangements, on the one hand, and the Debtors, on the other hand, or, after the Effective Date, by agreement with the Reorganized Debtors, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

O. Claims Administration Responsibilities

Except as otherwise specifically provided in the Plan, after the Effective Date, the Reorganized Debtors or any party administering the Claims shall have the sole authority: (1) to File, withdraw or litigate to judgment objections to Claims or Interests; (2) to settle or compromise any Disputed Claim without any further notice to or action, order or approval by the Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval by the Court.

P. Preservation of Royalty and Working Interests

Notwithstanding any other provision in the Plan, on and after the Effective Date, all Royalty and Working Interests shall be preserved and remain in full force and effect in accordance with the terms of the granting instruments or other governing documents applicable to such Royalty and Working Interests, and no Royalty and Working Interests shall be compromised or discharged by the Plan.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed assumed and assigned to the Reorganized Debtors in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than: (1) those that are identified on the Schedule of Rejected Executory Contracts and Unexpired Leases; (2) those that have been previously rejected by a Final Order; (3) those that are the subject of a motion to reject Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (4) those that are subject to a motion to reject an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such rejection is after the Effective Date.

Entry of the Confirmation Order shall constitute a Court order approving the assumptions, assumptions and assignments, or rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan or the Schedule of Rejected Executory Contracts and Unexpired Leases, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Court order but not assigned to a third party before the Effective Date shall re-vest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms

may have been modified by the provisions of the Plan or any order of the Court authorizing and providing for its assumption under applicable federal law. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by a Final Order of the Court on or after the Effective Date.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Court within thirty (30) days after the date of entry of an order of the Court (including the Confirmation Order) approving such rejection. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed within such time will be automatically Disallowed, forever barred from assertion, and shall not be enforceable against, as applicable, the Debtors, the Reorganized Debtors, the Estates, or property of the foregoing parties, without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, or further notice to, or action, order, or approval of the Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary**. Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Article III.B.7 of the Plan, as applicable.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any monetary defaults under an Executory Contract or Unexpired Lease, as reflected on the Cure Notice shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or as soon as reasonably practicable thereafter, subject to the limitations described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default; (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption.

At least 14 days before the Confirmation Hearing, the Debtors shall distribute, or cause to be distributed, Cure Notices of proposed assumption and proposed amounts of Cure Claims to the applicable third parties. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be Filed, served and actually received by the Debtors at least seven (7) days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount. Notwithstanding anything herein to the contrary, in the event that any Executory Contract or Unexpired Lease is removed from the Schedule of Rejected Executory Contracts and Unexpired Leases after such 14-day deadline, a Cure Notice of proposed assumption and proposed amounts of Cure Claims with respect to such Executory Contract or Unexpired Lease will be sent promptly to the counterparty thereof and a noticed hearing set to consider whether such Executory Contract or Unexpired Lease can be assumed.

In any case, if the Court determines that the Allowed Cure Claim with respect to any Executory Contract or Unexpired Lease is greater than the amount set forth in the applicable Cure Notice, the Debtors or Reorganized Debtors, as applicable, will have the right to add such Executory Contract or Unexpired Lease to the Schedule of Rejected Executory Contracts and Unexpired Leases, in which case such Executory Contract or Unexpired Lease will be deemed rejected as the Effective Date.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the date that the Debtors assume such Executory Contract or Unexpired Lease. Any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed shall be deemed Disallowed and expunged, without further notice to or action, order, or approval of the Court.

D. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases

The Debtors reserve their right to assert that rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contracts or leases. Notwithstanding any non-bankruptcy law to the contrary, the Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

E. Indemnification Obligations

The Debtors and Reorganized Debtors shall assume the Indemnification Obligations for the current and former directors and the officers who served in such capacity at any time after or within the 12 months prior to the Petition Date and such Indemnification Obligations shall not be modified, reduced, discharged, impaired, or otherwise affected in any way. Notwithstanding the foregoing, nothing shall impair the ability of Reorganized Debtors to modify indemnification obligations (whether in the bylaws, certificates or incorporate or formation, limited liability company agreements, other organizational or formation documents, board resolutions, indemnification agreements, employment contracts, or otherwise) arising after the Effective Date; *provided* that none of the Reorganized Debtors shall amend and/or restate any New Organizational Documents before or after the Effective Date to terminate or adversely affect any of the Reorganized Debtors' Indemnification Obligations.

F. Insurance Policies

Without limiting Article IV.L, all of the Debtors' insurance policies and any agreements, documents, or instruments relating thereto, are treated as and deemed to be Executory Contracts under the Plan. On the Effective Date, the Debtors shall be deemed to have assumed all insurance policies and any agreements, documents, and instruments related thereto.

G. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and Executory Contracts and Unexpired Leases related thereto, if any, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

H. Reservation of Rights

Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on the Schedule of Rejected Executory Contracts and Unexpired Leases, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors, or, after the Effective Date, the Reorganized Debtors shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

I. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

J. Contracts and Leases Entered into After the Effective Date

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) that have not been rejected as of the date of Confirmation will survive and remain unaffected by entry of the Confirmation Order.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or, if a Claim is not an Allowed Claim on the Effective Date, on the date that such Claim becomes Allowed or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim (or such Holder's affiliate) shall receive the full amount of the distributions that the Plan provides for Allowed Claims in each applicable Class. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. Distributions on Account of Obligations of Multiple Debtors

For all purposes associated with distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single distribution under the Plan. Any such Claims against Sabine and any Debtor Subsidiaries shall receive the treatment set forth in Article III of the Plan. Any such Claims shall be released and discharged pursuant to Article VIII.F of the Plan and shall be subject to all potential objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code; *provided* that, for the avoidance of doubt, this shall not affect the obligation of each and every Debtor to pay U.S. Trustee Fees until such time as a particular case is closed, dismissed, or converted.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions

a. Delivery of Distributions to RBL Agent

Except as otherwise provided in the Plan, all distributions to Holders of RBL Claims shall be governed by the RBL Credit Agreement and shall be deemed completed when made to the RBL Agent, which shall be deemed to be the Holder of all RBL Claims for purposes of distributions to be made hereunder. The RBL Agent shall hold or direct such distributions for the benefit of the Holders of Allowed RBL Claims, as applicable. As soon as practicable in accordance with the requirements set forth in this Article VI, the RBL Agent shall arrange to deliver such distributions to or on behalf of such Holders of Allowed RBL Claims.

b. Delivery of Distributions to Second Lien Agent

Except as otherwise provided in the Plan or as reasonably requested by the Second Lien Agent, all distributions to Holders of Second Lien Claims shall be governed by the Second Lien Credit Agreement and shall be deemed completed when made to the Second Lien Agent, which shall be deemed to be the Holder of all Second Lien Claims for purposes of distributions to be made hereunder. The Second Lien Agent shall hold or direct such distributions for the benefit of the Holders of Second Lien Claims, as applicable. As soon as practicable in accordance with the requirements set forth in this Article VI, the Second Lien Agent shall arrange to deliver such distributions to or on behalf of such Holders of Allowed Second Lien Claims.

c. Delivery of Distributions to Senior Notes Indenture Trustees

Except as otherwise provided in the Plan or reasonably requested by the Senior Notes Indenture Trustees, all distributions to Holders of Senior Notes Claims shall be deemed completed when made to the Senior Notes Indenture Trustees, which shall be deemed to be the Holder of all Senior Notes Claims for purposes of distributions to be made hereunder. The Senior Notes Indenture Trustees shall hold or direct such distributions for the benefit of the Holders of Allowed Senior Notes Claims, as applicable. As soon as practicable in accordance with the requirements set forth in this Article VI, each Senior Notes Indenture Trustee shall arrange to deliver such distributions to or on behalf of such Holders of Allowed Senior Notes Claims.

d. Delivery of Distributions in General

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims (other than Holders of RBL Claims, Second Lien Claims, or Senior Notes Claims) or Interests shall be made to Holders of record as of the Distribution Record Date by the Reorganized Debtors: (1) to the signatory set forth on any of the Proofs of Claim Filed by such Holder or other representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtors have been notified in writing of a change of address); (2) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtors after the date of any related Proof of Claim; (3) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the Reorganized Debtors have not received a written notice of a change of address; or (4) on any counsel that has appeared in the Chapter 11 Cases on the Holder's behalf. Subject to this Article VI, distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan. The Debtors and the Reorganized Debtors shall not incur any liability whatsoever on account of any distributions under the Plan except for gross negligence or willful misconduct.

2. Minimum Distributions

No fractional shares of New Common Stock or fractional Warrants shall be distributed, and no Cash shall be distributed in lieu of such fractional amounts and such fractional amounts shall be deemed to be zero.

Holders of Allowed Claims entitled to Cash distributions of $100 or less or entitled to New Common Stock or Warrants valued at $100.00 or less (as estimated by the Reorganized Debtors in good faith), shall not receive distributions, and each such Claim to which this limitation applies shall be discharged pursuant to Article VIII and its Holder is forever barred pursuant to Article VIII from asserting that Claim against the Reorganized Debtors or their property.

3. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Reorganized Debtors have determined the then-current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided* that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one year from the Effective Date. After such date, all unclaimed property or interests in property shall be redistributed Pro Rata (it being understood that, for purposes of this Article VI.C.3, "Pro Rata" shall be determined as if the Claim underlying

such unclaimed distribution had been Disallowed) without need for a further order by the Court (notwithstanding any applicable federal, provincial, or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or Interest in property shall be released, settled, compromised, and forever barred.

4. Manner of Payment Pursuant to the Plan

Payments shall be made through distributions of New Common Stock and/or Warrants. Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Reorganized Debtors by check or by wire transfer.

D. Securities Registration Exemption

Pursuant to section 1145 of the Bankruptcy Code, the issuance of New Common Stock and the Warrants as contemplated by the Plan is exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable U.S. state or local law requiring registration prior to the offering, issuance, distribution, or sale of Securities. The New Common Stock and Warrants issued pursuant to section 1145 of the Bankruptcy Code (a) are not "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, and (b) are freely tradable and transferable by any initial recipient thereof that (i) is not an "affiliate" of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act, (ii) has not been such an "affiliate" within 90 days of such transfer, (iii) has not acquired the New Common Stock or the Warrants from an "affiliate" within one year of such transfer, and (iv) is not an entity that is an "underwriter" as defined in subsection (b) of Section 1145 of Title 11 of the United States Code.

Should the Reorganized Debtors elect on or after the Effective Date to reflect any ownership of the New Common Stock through the facilities of the DTC, the Reorganized Debtors need not provide any further evidence other than the Plan or the Confirmation Order with respect to the treatment of the New Common Stock or under applicable securities laws.

The DTC shall be required to accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether the New Common Stock is exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

Notwithstanding anything to the contrary in the Plan, no entity (including, for the avoidance of doubt, the DTC) may require a legal opinion regarding the validity of any transaction contemplated by the Plan, including, for the avoidance of doubt, whether the New Common Stock is exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

E. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, Reorganized Sabine and the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest as Allowed herein.

F. No Postpetition Interest on Claims

Unless otherwise specifically provided for in an order of the Court, the Plan, or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims or Interests and no Holder of a Claim or Interest shall be entitled to interest accruing on or after the Petition Date on any such Claim.

G. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be Disallowed without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or a Reorganized Debtor; *provided* that the Debtors shall provide 21 days' notice to the Holder prior to any disallowance of such Claim during which period the Holder may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Court. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or a Reorganized Debtor on account of such Claim, such Holder shall, within fourteen days of receipt thereof, repay or return the distribution to the Reorganized Debtors to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Reorganized Debtors annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the fourteen-day grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Court; *provided* that the Debtors shall provide 21 days' notice to the Holder of such Claim prior to any disallowance of such Claim during which period the Holder may object to such disallowance, and if the parties cannot reach an agreed resolution, the matter shall be decided by the Court.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

A. Resolution of Disputed Claims

1. Allowance of Claims

After the Effective Date, each of the Debtors and the Reorganized Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim immediately before the Effective Date. Except as

expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code, or the Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such Claim.

2. Claims and Interests Administration Responsibilities

Except as otherwise specifically provided in the Plan and notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, after the Effective Date, the Reorganized Debtors by order of the Court, shall have the sole authority: (1) to File, withdraw, or litigate to judgment objections to Claims; (2) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval by the Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Court.

3. Estimation of Claims

Before or after the Effective Date, the Debtors or the Reorganized Debtors may (but are not required to) at any time request that the Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Court has ruled on any such objection, and the Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Court. In the event that the Court estimates any Disputed, contingent, or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the relevant Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate distribution on account of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before 21 days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Court.

4. Adjustment to Claims Without Objection

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors or the Reorganized Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Court.

5. Time to File Objections to Claims

Any objections to Claims shall be Filed on or before the Claims Objection Deadline.

B. Disallowance of Claims

Any Claims held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed Disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors or the Reorganized Debtors. All Proofs of Claim Filed on account of an indemnification obligation to a director, officer, or employee

shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such indemnification obligation is assumed (or honored or reaffirmed, as the case may be) pursuant to the Plan, without any further notice to or action, order, or approval of the Court.

Except as provided herein or otherwise agreed, any and all Proofs of Claim filed after the applicable Claims Bar Date shall be deemed Disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Filed Claim has been deemed timely Filed by a Final Order.

C. Amendments to Claims

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim may not be Filed or amended without the prior authorization of the Court and the Reorganized Debtors and any such new or amended Claim Filed shall be deemed Disallowed in full and expunged without any further action, order, or approval of the Court.

D. No Distributions Pending Allowance

If an objection to a Claim or portion thereof is Filed as set forth in Article VII, no payment or distribution provided under the Plan shall be made on account of such Claim or portion thereof unless and until such Disputed Claim becomes an Allowed Claim.

E. Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Court allowing any Disputed Claim becomes a Final Order, the Reorganized Debtors shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim, without any interest, dividends, or accruals to be paid on account of such Claim unless required under applicable bankruptcy law or as otherwise provided in Article III.B.

F. Reserve of New Common Stock and Warrants

On the Effective Date (or as soon thereafter as is reasonably practicable), the Reorganized Debtors shall withhold and maintain in reserve shares of New Common Stock and Warrants to pay Holders of Disputed Claims that are General Unsecured Claims that may become Allowed Claims pursuant to the terms of the Plan, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Court, or (if no proof of such Claim was filed) listed by the Debtors in the Schedules, (b) the amount, if any, estimated by the Court pursuant to section 502(c) of the Bankruptcy Code or (c) the amount otherwise agreed to by Sabine and the Holder of such Disputed Claim for reserve purposes.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Settled Claims

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates an integrated compromise and settlement of the Settled Claims, and releases the Settlement Released Claims, to achieve a beneficial and efficient resolution of these Chapter 11 Cases for all parties in interest. The RBL Lenders shall be deemed to accept the Settlement. Pursuant to the Settlement, the RBL Lenders shall waive any right to a recovery or distribution of New Common Stock and Warrants in the Unsecured Equity Pool on account of the RBL Secured

Claim. In addition, the RBL Lenders shall agree that, pursuant to the Plan, the creditors in Classes 4 through 7 shall receive their Pro Rata share of New Common Stock and Warrants in the Unsecured Equity Pool.

Accordingly, in consideration of the distributions and other benefits provided under the Plan, the provisions of the Plan, **including the releases set forth in Article VIII.F,** shall constitute a good-faith compromise and settlement of all Settled Claims and a release of all Settlement Released Claims. Without limiting the preceding sentence, the Plan provides for the release of the following Settlement Released Claims:

i. Claims to avoid $1.32 billion of obligations, including (i) $620 million from the Old Sabine RBL and (ii) $700 million from the Old Sabine Second Lien Credit Facility;

ii. Claims to (i) avoid the liens transferred to secure the parent company's incurrence of Old Sabine's secured indebtedness, (ii) preserve those liens for the benefit of Sabine, and (iii) recover for the parent estate the diminution of the value of the liens due to a decline in the value of the collateral since the liens were transferred, to the extent such Claims and Causes of Action are not set forth in the Adversary Proceeding and included in the Settled Claims;

iii. Claims to avoid and recover, for the benefit of Sabine, over $200 million in payments made by Sabine from the date of closing the Combination to the Petition Date, to the RBL Agent and Second Lien Agent, and to or for the benefit of the RBL Lenders and the Second Lien Lenders on the basis that the underlying obligations are avoidable;

iv. Claims to avoid and recover, for the benefit of Sabine, payments made by Sabine to the lenders under the Old Sabine RBL;

v. Claims to avoid, at each of the Subsidiaries, incremental secured obligations that were previously only obligations of Forest Oil (*i.e.*, $105 in respect of the Old Forest RBL);

vi. Claims to avoid at each of the Subsidiaries the further $356 million obligation incurred under the RBL Facility as a result of the $356 million draw on February 25, 2015;

vii. Claims to avoid at each of the Subsidiaries the $50 million of incremental obligations incurred under the Second Lien Credit Facility in excess of the Old Sabine Second Lien Credit Facility;

viii. Claims to avoid liens transferred in connection with the Subsidiaries' incremental guarantees of obligations under the RBL Facility and the Second Lien Credit Facility, preserve those liens for the benefit of the estates, and recover for the Subsidiaries' estates the diminution of the value of the liens due to a decline in the value of the collateral since the liens were transferred;

ix. Claims to avoid, for the benefit of the parent estate, the liens on the Subsidiaries' assets that such Subsidiaries granted to the RBL Lenders, to the extent that Forest Oil value was dedicated to, and improved the value of, such assets, and the recovery of the value of those liens for the benefit of Sabine;

x. Claims to avoid, for the benefit of Sabine, the liens on the Subsidiaries granted to the Second Lien Lenders, to the extent that Forest Oil value was dedicated to, and improved the value of, such assets, and the recovery of the value of those liens for the benefit of Sabine;

xi. Claims to avoid, as intentional fraudulent conveyances, the RBL Credit Facility obligations at Sabine;

xii. Claims to avoid, as intentional fraudulent conveyances, the RBL Credit Facility obligations at each of the Subsidiaries;

xiii. Claims to avoid, as intentional fraudulent conveyances, the liens granted by the Subsidiaries to secure the RBL Credit Facility obligations;

xiv. Claims to avoid, as intentional fraudulent conveyances, the Second Lien Credit Facility obligations at Sabine;

xv. Claims to avoid, as intentional fraudulent conveyances, the liens granted by Sabine to secure the Second Lien Credit Facility obligations;

xvi. Claims to avoid, as intentional fraudulent conveyances, the $50 million in incremental obligations incurred under the Second Lien Credit Facility by the Subsidiaries at the closing of the Combination;

xvii. Claims to avoid, as intentional fraudulent conveyances, the liens granted by the Subsidiaries to the extent that such liens secure the $50 million in avoidable obligations under the Second Lien Credit Facility;

xviii. Claims to avoid, as intentional fraudulent conveyances, the approximately $620 million in payments made in respect of the RBL Credit Facility at the closing of the Combination;

xix. Claims to avoid, as intentional fraudulent conveyances, all post-Combination payments of principal, interest and fees in respect of the RBL Credit Facility and the Second Lien Credit Facility, including the $185 million of proceeds of the sale of the Arkoma assets of Forest Oil that were used two days after the Combination to pay down the balance of the RBL Credit Facility;

xx. Claims that a security interest was not given in the intercompany note to the RBL Lenders in connection with the RBL Credit Facility;

xxi. Claims and Causes of Action identified in the Committee's *Proposed Complaint For (I) Intentional Fraudulent Conveyance; (II) Breach of Fiduciary Duty; (III) Aiding And Abetting Breach of Fiduciary Duty; (IV) Equitable Subordination; (V) Debt Recharacterization; (IV) And Related Relief* annexed to the *Second Motion of the Official Committee Of Unsecured Creditors For (I) Leave, Standing, and Authority to Commence and Prosecute Certain Claims and Causes of Action on Behalf of the Debtors' Estates and (II) Non-Exclusive Settlement Authority* [Docket No. 609], including breach of fiduciary duty, aiding and abetting breaches of fiduciary duty, equitable subordination, and recharacterization; and

xxii. Any other Claims or Causes of Action considered pursuant to the *Analysis of Potential Causes of Action: Constructive Fraudulent Transfer*, dated as of October 26, 2015, and the *Analysis of Potential Estate Causes of Action: Intentional Fraudulent Transfer, Breach of Fiduciary Duty, and Equitable Subordination*, dated as of December 1, 2015 (and as revised December 21, 2015), each as prepared on behalf of the Independent Directors' Committee, other than those Claims and Causes of Action set forth in the Adversary Proceeding and included in the Settled Claims.

The Plan also provides for the settlement of the following Claims (collectively, the "Settled Claims"), as follows:

i. Claims that the $252 million of cash on hand as of the Petition Date (the "Disputed Cash"), a portion of which has been used for the Debtors' operations and the administration of these chapter 11 estates, was not subject to any liens, security interests, or equitable interests of the Debtors' secured lenders, and therefore the entirety of such Disputed Cash was unencumbered on the Petition Date, shall be settled as if (i) the Disputed Cash had been totally unencumbered as of the Petition Date, (ii) all of the Disputed Cash remaining on the Effective Date (which the Debtors currently estimate will equal $75 million) is treated as unencumbered, (iii) the evidence-based tracing method had been implemented for tracing the comingled Disputed Cash, and (iv) the RBL Lenders had been unsuccessful in establishing a constructive trust on the Disputed Cash on

account of the Debtors' solvency representation made in connection with the February 25, 2015 draw of substantially all of the remaining availability under the RBL Credit Facility;

ii. The value of the RBL Lenders' adequate protection claim resulting from the diminution in the value of their interest in their collateral as provided for under the Cash Collateral Order shall be assumed to be at least $200 million for Plan purposes;

iii. Claims that the RBL Lenders do not have valid and perfected liens on the "unitized" leases (that is, leases that are not expressly listed on a mortgage exhibit but that are unitized with other leases that are expressly listed on a mortgage exhibit) shall be settled by providing 1 percent of the total value of the leases at issue on account of such claims for distribution to unsecured creditors;

iv. Claims that the RBL Lenders do not have valid and perfected liens on wells and leases acquired after the aforementioned "unitized" leases that were pooled or unitized with the hydrocarbon property shall be given a 0 percent chance of success for purposes of the Settlement;

v. Claims that 199 of the Debtors' oil and gas leases were not properly recorded because the mortgages do not list recording information, such as book and page numbers, or that such mortgages contain other unspecified defects, shall be given a 0 percent chance of success for purposes of the Settlement;

vi. Claims that the RBL Lenders hold a valid mortgage on all 3,338 of the leases located in the counties in which several mortgage documents were filed shall be given a 0 percent chance of success for purposes of the Settlement;

vii. Claims that the mortgages on properties granted pursuant to the forbearance agreements with the RBL Lenders and the Second Lien Lenders should be avoided as preferential transfers under section 547 of the Bankruptcy Code shall be settled by providing such Claims with $2,000,000 on account of such claims for distribution to unsecured creditors;

viii. Claims that the $645,000 worth of mortgages on the 85 leases granted to the Second Lien Lenders should be avoided as preferential transfers under section 547 of the Bankruptcy Code shall be settled by providing such Claims with a 100 percent chance of success on account of such claims for distribution to unsecured creditors;

ix. Claims that the RBL Lenders and Second Lien Lenders hold blanket liens on all of the Debtors' personal property including general intangibles unrelated to hydrocarbons shall be given a 0 percent chance of success for purposes of the Settlement; and

x. Claims that the Huntington Payment and the ML Commodities Payment (i) were unauthorized postpetition transfers and should be avoided pursuant to sections 549 and 550 the Bankruptcy Code and (ii) "unduly disadvantaged" the Debtors and the unsecured creditors and should be unwound shall be given a 100 percent chance of success for purposes of the Settlement.

The settlement and allowance of Settled Claims provided for herein and the distributions and other benefits provided for under the Plan, including the releases set forth in Article VIII.F, shall be in full satisfaction of any and all potential Claims that could have been asserted, regardless of whether any of the foregoing Settled Claims and Settlement Released Claims are identified herein or could have been asserted. Distributions resulting from the settlement and compromise of the Settled Claims shall be effected through the creation of the Unsecured Equity Pool. The allowance of such Settled Claims provided for hereunder is solely for the purpose of determining the allocation and distribution of the Reorganized Sabine New Common Stock to Holders of Allowed Claims pursuant to the Plan, but shall not alter the treatment of the underlying transactions that gave rise to such Settled Claims for any other purpose.

The entry of the Confirmation Order shall constitute the Court's approval, as of the Effective Date, of the compromise or settlement of all such Settled Claims and the Court's determination that such compromises and settlements are in the best interests of the Debtors, their estates, the Reorganized Debtors, creditors and all other parties in interest, and are fair, equitable and within the range of reasonableness. The compromises, settlements and releases described herein shall be deemed nonseverable from each other and from all other terms of the Plan.

B. ***Release in Favor of RBL Agent and RBL Lenders***

Except as otherwise provided in the Plan, as of the Effective Date and to the fullest extent authorized by applicable law, the Debtors, the Reorganized Debtors, the Estates, the Second Lien Agent, the Second Lien Lenders, the Senior Notes Indenture Trustees, the Senior Notes Holders, the Committee and Committee Members, current direct and indirect Interest Holders in Sabine, and any Holder of a Claim and/or Interest, expressly, unconditionally, generally and individually and collectively releases, acquits and discharges the RBL Agent and RBL Lenders from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtors, any Claims asserted or assertable on behalf of any holder of any Claim against or Interest in the Debtors and any Claims asserted or assertable on behalf of any other entity, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such party or parties (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, the Debtors' intercompany transactions (including dividends paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, or any other transaction relating to any security of the Debtors, or any other transaction or other arrangement with the Debtors whether before or during the Restructuring Transactions, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and any of such party or parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan, the negotiation, formulation or preparation of the Restructuring Transactions, the Plan, the Plan Supplement, the Disclosure Statement or any related agreements, any asset purchase agreement, instruments or other documents created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction; *provided* that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification Claims against the Debtors or any of their insurance carriers or any rights as beneficiaries of any insurance policies, which indemnification obligations and insurance policies shall be assumed by the Reorganized Debtors. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any of the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

C. *Discharge of Claims and Termination of Interests*

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, including the Plan Supplement, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims (including any intercompany claims resolved or compromised after the Effective Date by the Reorganized Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the

Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default or "event of default" by the Debtors or Affiliates with respect to any Claim or Interest that existed immediately before or on account of the Filing of the Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

D. Term of Injunctions or Stays

Unless otherwise provided herein or in a Final Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 362 of the Bankruptcy Code or otherwise and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date set forth in the order providing for such injunction or stay.

E. ***Release of Liens***

Except as otherwise specifically provided in the Plan, the Exit Revolver Credit Facility Documents or the New Second Lien Credit Facility Documents (including in connection with any express written amendment of any mortgage, deed of trust, Lien, pledge, or other security interest under the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents), or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns, in each case, without any further approval or order of the Court and without any action or Filing being required to be made by the Debtors. In addition, the RBL Agent and the Second Lien Agent shall execute and deliver all documents reasonably requested by the Debtors, Reorganized Debtors, or administrative agent(s) for the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents to evidence the release of such mortgages, deeds of trust, Liens, pledges, and other security interests and shall authorize the Reorganized Debtors to file UCC-3 termination statements (to the extent applicable) with respect thereto.

F. ***Debtor Release***

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, on and after the Effective Date, the Released Parties are deemed expressly, unconditionally, generally, and individually and collectively, acquitted, released and discharged by the Debtors, the Reorganized Debtors, and the Estates, each on behalf of itself and its predecessors, successors and assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, fund advisors and other professionals, from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, any Claims asserted or assertable on behalf of any Holder of any Claim against or Interest in the Debtors and any Claims asserted or assertable on behalf of any other entity, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such releasing party (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, the Debtors' intercompany transactions (including dividends paid), any preference or avoidance claim pursuant to sections 544, 547, 548, 549, 550 and 551 of the Bankruptcy Code, the purchase, sale or rescission of the purchase or sale of, or any other transaction relating to any security of the Debtors,

the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and the Releasing Parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan or any other transaction or other arrangement with the Debtors whether before or during the Restructuring Transactions, the negotiation, formulation or preparation of the Restructuring Transactions, the Plan, the Plan Supplement, the Disclosure Statement or any related agreements, any asset purchase agreement, instruments or other documents (including, for the avoidance of doubt, providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction; *provided* that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification Claims against the Debtors or any of their insurance carriers or any rights as beneficiaries of any insurance policies, which indemnification obligations and insurance policies shall be assumed by the Reorganized Debtors. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any of the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

*G. **Third Party Release***

Except as otherwise provided in the Plan, as of the Effective Date and to the fullest extent authorized by applicable law, each Releasing Party expressly, unconditionally, generally and individually and collectively releases, acquits and discharges the Debtors, Reorganized Debtors, and Released Parties from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims asserted or assertable on behalf of the Debtors, any Claims asserted or assertable on behalf of any holder of any Claim against or Interest in the Debtors and any Claims asserted or assertable on behalf of any other entity, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereinafter arising, in law, equity, contract, tort or otherwise, by statute or otherwise, that such Releasing Party (whether individually or collectively), ever had, now has or hereafter can, shall or may have, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring efforts, the Debtors' intercompany transactions (including dividends paid), any preference or avoidance claim pursuant to sections 544, 547, 548, and 549 of the Bankruptcy Code, the purchase, sale or rescission of the purchase or sale of any security of the Debtors, or any other transaction relating to any security of the Debtors, or any other transaction or other arrangement with the Debtors whether before or during the Restructuring Transactions, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is affected by or classified in the Plan, the business or contractual arrangements between the Debtors, on the one hand, and any of the Releasing Parties, on the other hand, the restructuring of Claims and Interests before or during the Restructuring Transactions implemented by the Plan, the negotiation, formulation or preparation of the Restructuring Transactions, the Plan, the Plan Supplement, the Disclosure Statement or any related agreements, any asset purchase agreement, instruments or other documents (including, for the avoidance of doubt, providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the Chapter 11 Cases, the Filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place or arising on or before the Effective Date related or relating to any of the foregoing, except for any act or omission that constitutes fraud, gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction;

provided **that nothing in the foregoing shall result in any of the Debtors' officers and directors waiving any indemnification Claims against the Debtors or any of their insurance carriers or any rights as beneficiaries of any insurance policies, which indemnification obligations and insurance policies shall be assumed by the Reorganized Debtors. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any of the Restructuring Transactions, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.**

H. ***Exculpation***

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim; ***provided*** **that the foregoing "Exculpation" shall have no effect on the liability of any entity that results from any such act or omission that is determined by a Final Order to have constituted gross negligence or willful misconduct. The Exculpated Parties have participated in any and all activities potentially underlying any Exculpated Claim in good faith and in compliance with the applicable laws.**

I. ***Injunction***

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been settled pursuant to Article VIII.A of the Plan, released pursuant to Article VIII.F, or Article VIII.G of the Plan, discharged pursuant to Article VIII.C of the Plan, or are subject to exculpation pursuant to Article VIII.H of the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Non-Debtor Subsidiaries, the Reorganized Debtors, the Released Parties or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any lien or encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan. Notwithstanding anything to the contrary in the foregoing, the injunction does not enjoin any party under the Plan or under any document, instrument, or agreement (including those attached to the Disclosure Statement or set forth in the Plan Supplement) executed to implement the Plan from bringing an action to enforce the terms of the Plan or such document, instrument, or agreement (including those attached to the Disclosure Statement or set forth in the Plan Supplement) executed to implement the Plan.

J. ***Waiver of Statutory Limitations on Releases***

Each Releasing Party in each of the releases contained in the Plan (including under Article VIII of the Plan) expressly acknowledges that although ordinarily a general release may not extend to claims which the Releasing Party does not know or suspect to exist in his favor, which if known by it may have materially affected its settlement with the party released, each Releasing Party has carefully considered and taken into account in determining to enter into the above releases the possible existence of such unknown losses or claims. Without limiting the generality of the foregoing, each Releasing Party expressly waives any and all rights conferred upon it by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of executing the release, which if known by it may have materially affected its settlement with the released party, including the provisions of California Civil Code Section 1542. The releases contained in Article VIII of the Plan are effective regardless of whether those released matters are presently known, unknown, suspected or unsuspected, foreseen or unforeseen.

K. Protection Against Discriminatory Treatment

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Reorganized Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtors, or another Entity with whom the Reorganized Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

L. Subordination

Any distributions under the Plan to Holders shall be received and retained free from any obligations to hold or transfer the same to any other Holder and shall not be subject to levy, garnishment, attachment, or other legal process by any Holder by reason of claimed contractual subordination rights. Any such subordination rights shall be waived, and the Confirmation Order shall constitute an injunction enjoining any Entity from enforcing or attempting to enforce any contractual, legal, or equitable subordination rights to property distributed under the Plan, in each case other than as provided in the Plan.

Subject to entry of the Confirmation Order and Article VIII.A and VIII.C, the allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise, except as specifically provided for under the Plan. Notwithstanding anything herein to the contrary, and as provided in Article III of the Plan, no Holder of a Section 510(b) Claim shall receive any distribution on account of such Section 510(b) Claim, and all Section 510(b) Claims shall be extinguished.

M. Setoffs

Except as otherwise provided herein and subject to applicable law, the Debtors may, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim or Interest, set off against any Allowed Claim or Interest (which setoff shall be made against the Allowed Claim or Interest, not against any distributions to be made under the Plan with respect to such Allowed Claim or Interest), any Claims, rights, and Causes of Action of any nature that such Debtor may hold against the Holder of such Allowed Claim or Interest, to the extent such Claims, rights, or Causes of Action against such Holder have not been otherwise released, waived, relinquished, exculpated, compromised, or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise), and any distribution to which a Holder is entitled under the Plan shall be made on account of the Claim or Interest, as reduced after application of the setoff described above. In no event shall any Holder of Claims or Interests be entitled to setoff any Claim or Interest against any Claim, right, or Cause of Action of the Debtors unless such Holder obtains entry of a Final Order entered by the Court authorizing such setoff or unless such setoff is otherwise agreed to in writing by the Debtors and a Holder of a Claim or Interest; *provided*, that, where there is no written agreement between the Debtors and a Holder of a claim authorizing such setoff, nothing herein shall prejudice or be deemed to have prejudiced the Debtors' rights to assert that any Holder's setoff rights were required to have been asserted by motion to the Court prior to the Effective Date.

N. Special Provision Governing Accrued Professional Compensation Claims and Final Fee Applications

For the avoidance of doubt, the releases in Article VIII of the Plan shall not waive, affect, limit, restrict, or otherwise modify the right of any party in interest to object to any Accrued Professional Compensation Claim or final fee application Filed by any Professional in the Chapter 11 Cases.

ARTICLE IX.
CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to the Effective Date

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied (or waived pursuant to the provisions of Article IX.B hereof):

1. The Confirmation Order shall have become a Final Order that has not been stayed or modified or vacated on appeal;

2. The Professional Fee Escrow shall have been established and funded in Cash in accordance with Article II.B.1 of the Plan;

3. The Exit Revolver Credit Facility Documents shall have been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent to the consummation of the Exit Revolver Credit Facility shall have been waived or satisfied in accordance with the terms thereof, and the closing of the Exit Revolver Credit Facility shall have occurred; and

4. The New Second Lien Credit Facility Documents shall have been executed and delivered by all of the Entities that are parties thereto, and all conditions precedent to the consummation of the New Second Lien Credit Facility shall have been waived or satisfied in accordance with the terms thereof and the closing of the New Second Lien Credit Facility shall have occurred.

B. Waiver of Conditions

The conditions to Confirmation of the Plan and to the Effective Date of the Plan set forth in this Article IX may be waived only by consent of the Debtors, without notice, leave, or order of the Court or any formal action other than proceedings to confirm or consummate the Plan.

C. Substantial Consummation

"Substantial Consummation" of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date.

D. Effect of Non-Occurrence of Conditions to the Effective Date

If the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

ARTICLE X.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

Subject to the limitations contained herein, the Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors expressly reserve their rights to

alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

B. Effect of Confirmation on Modifications

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of the Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan, or if Confirmation and Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims or Interests; (ii) prejudice in any manner the rights of the Debtors or any other Entity, including the Holders of Claims or the Non-Debtor Subsidiaries; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity, including the Non-Debtor Subsidiaries.

ARTICLE XI.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Court shall retain jurisdiction over the Chapter 11 Cases and all matters, arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. Allow, Disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is a party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Costs pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) the Reorganized Debtors amending, modifying, or supplementing, after the Confirmation Date, pursuant to Article V hereof, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed and assigned or rejected or otherwise; and (c) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested, or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;

8. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

9. enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

10. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

11. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, discharges, releases, injunctions, exculpations, and other provisions contained in Article VIII hereof and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

13. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.G.1 hereof;

14. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

15. determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement;

16. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

17. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Court order, including the Confirmation Order;

18. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

20. hear and determine all disputes involving the existence, nature, or scope of the release provisions set forth in the Plan, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

21. enforce all orders previously entered by the Court;

22. hear any other matter not inconsistent with the Bankruptcy Code;

23. enter an order concluding or closing the Chapter 11 Cases;

24. enforce all orders previously entered by the Court, resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or any contract, instrument, release, or other agreement or document that is entered into or delivered pursuant thereto or any Entity's rights arising from or obligations incurred in connection with the Plan or such documents; and

25. enforce the injunction, release, and exculpation provisions set forth in Article VIII hereof.

As of the Effective Date, notwithstanding anything in this Article XI to the contrary, the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents shall be governed by the respective jurisdictional provisions therein.

ARTICLE XII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect

Subject to Article IX.A hereof and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan, the final versions of the documents contained in the Plan Supplement, and the Confirmation Order shall be immediately effective and enforceable and deemed binding upon the Debtors, the Reorganized Debtors, and any and all Holders of Claims or Interests (regardless of whether such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions described in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents

On or before the Effective Date, the Debtors may File with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Dissolution of the Committee

On the Effective Date, the Committee shall dissolve and all members, employees, or agents thereof shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Cases. The Reorganized Debtors shall not be responsible for paying any fees or expenses incurred by the members of or advisors to the Committee after the Effective Date.

D. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Court shall enter the Confirmation Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan

Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtors, with respect to the Holders of Claims or Interests prior to the Effective Date.

E. Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

F. Service of Documents

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors or Reorganized Debtors shall be served on:

If to the Debtors, to:
Sabine Oil & Gas Corporation
1415 Louisiana, Suite 1600
Houston, Texas 77002
Attn.: Michael Magilton

With copies to:
Kirkland & Ellis LLP
Kirkland & Ellis International LLP
601 Lexington Avenue
New York, New York 10022
Attn.: Jonathan S. Henes, P.C., Christopher Marcus, P.C. and Cristine Pirro

Kirkland & Ellis LLP
Kirkland & Ellis International LLP
300 North LaSalle Drive
Chicago, Illinois 60654
Attn.: Ryan B. Bennett and Brad Weiland

G. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

H. Entire Agreement

Except as otherwise indicated, the Plan, the Confirmation Order, the Plan Supplement, the Exit Revolver Credit Facility Documents and the New Second Lien Credit Facility Documents, supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

I. Exhibits

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.primeclerk.com/sabine/ or the Court's website at http://www.nysb.uscourts.gov/. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Court, the non-exhibit or non-document portion of the Plan shall control.

J. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Court to be invalid, void, or unenforceable, the Court shall be prohibited from altering or interpreting such term or provision to make it valid or enforceable, *provided* that at the request of the Debtors, the Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such terms or provision shall then be applicable as altered or interpreted *provided, further,* that any such alteration or interpretation shall be acceptable to the Debtors. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

K. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan and any previous plan, and, therefore, neither any of such parties or individuals or the Reorganized Debtors will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan and any previous plan.

L. Closing of Chapter 11 Cases

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Court to close the Chapter 11 Cases.

Respectfully submitted, as of the date first set forth above,

Sabine Oil & Gas Corporation (for itself and all Debtors)

By: */s/ Michael Magilton*
Name: Michael Magilton
Title: Senior Vice President and Chief Financial Officer

Exhibit 1

Management Incentive Plan Term Sheet

[TO COME]

EXHIBIT B

Disclosure Statement Order

[To Come]

EXHIBIT C

Financial Projections

[To Come]

EXHIBIT D

Valuation Analysis

[To Come]

EXHIBIT E

Liquidation Analysis

[To Come]